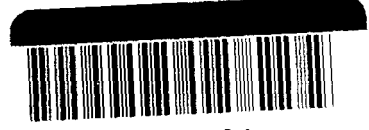


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Annual Report 2002

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e-KONG Group Limited

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e-KONG Group Limited

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Richard John Siemens (*Chairman*)
Mr. Kuldeep Saran
Mr. Derrick Francis Bulawa
Mr. Lim Shyang Guey

Non-executive Directors

Mr. William Bruce Hicks
Mr. Shane Frederick Weir
Mr. Matthew Brian Rosenberg

AUDIT COMMITTEE

Mr. Shane Frederick Weir
Mr. Matthew Brian Rosenberg

COMPANY SECRETARY

Ms. Wang Poey Foon, Angela

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

Room 4101-5
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SOLICITORS

Angela Wang & Co.
Conyers, Dill & Pearman

AUDITORS

Moores Rowland
Chartered Accountants
Certified Public Accountants

SHARE REGISTRARS

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRARS

Secretaries Limited
G/F Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

WEBSITE

www.e-kong.com

STOCK CODE

0524

e-KONG Group Limited

Business Review and Outlook

During the year under review, the Group continued its strategic focus on building and growing the ZONE telecommunications business. Revenue from the ZONE business increased by 33.2% to HK\$298.5 million compared with HK\$224.2 million for the previous year. Through sustainable growth of the ZONE business in the United States, Hong Kong and Singapore, combined with prudent financial control and operational efficiencies, the Group was able to achieve further improvement in its operating results.

The ZONE operation in the United States recorded a revenue growth of 56.3%, increasing from HK\$113.6 million in 2001 to HK\$177.5 million. The operating loss for ZONE US reduced by 15.7% from HK\$96.9 million for the previous year to HK\$81.7 million. Its ZoneLD service targeted at residential customers and small businesses continued to increase its subscriber base mainly as a result of customers acquired through its on-line partners. Continued growth is expected to be derived mainly from the ZoneCMS service which is targeted at the enterprise and corporate customers.

In 2002, ZONE Hong Kong and ZONE Singapore collectively accounted for 38.2% of the Group's revenue and achieved positive EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation). Turnover for ZONE Hong Kong and ZONE Singapore, collectively, increased by 9.5% compared with the previous year from HK\$110.6 million to HK\$121.1 million.

Improvements in the operating result for ZONE Hong Kong was achieved mainly through increase in operating gross margins, reduction in customer churn and further operational efficiency gains. Looking ahead, ZONE Hong Kong will continue to improve its business performance through targeted sales and marketing initiatives, regular customer retention programs and the introduction of value-added services including fax to e-mail, international call forwarding, short messaging services (SMS) and calling card products aimed at niche markets.

ZONE Singapore achieved sustained growth in its customer base and revenue despite intense competition. ZONE Singapore was successful in securing arrangements with key carrier partners to provide high quality service at competitive price. This has resulted in an increase in the gross margin and has also enabled ZONE Singapore to competitively price its services to the business segment of the market.

Following the divestment of the Group's interest in the event management-related business in January 2003, the revenue contribution from the non-telecom businesses will continue to be less significant in the coming year. In 2002, the revenue derived from the non-telecom subsidiaries was HK\$18.2 million, representing 5.8% of the Group's total revenue.

e-KONG Group Limited

Management Discussion and Analysis

FINANCIAL RESULTS

The Group's turnover for the year increased by 20% to HK\$316.7 million compared with HK\$263.9 million in 2001. The ZONE telecommunications business continues to be the main revenue growth driver of the Group.

The gross profit increased by 80% from HK\$49.9 million in 2001 to HK\$89.8 million. The gross profit as a percentage of turnover increased from 18.9% for 2001 to 28.3% for 2002 mainly due to the ZONE business being able to negotiate better pricing with the telecommunications carriers.

With the increase in turnover, higher gross margins and lower operating costs within the Group, EBITDA loss improved from HK\$218.1 million for 2001 to HK\$109.1 million for 2002.

The operating loss for the year was HK\$156 million compared with HK\$252.8 million for the previous year. Consolidated net loss attributable to shareholders declined to HK\$186.3 million from HK\$681.3 million. Non-recurring losses for the year, including the provision for diminution in value of investment securities of HK\$28 million, were HK\$31.1 million compared with HK\$427.3 million in 2001.

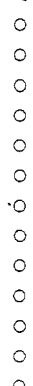
FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

The Company completed a rights issue of 235,447,100 rights shares of HK\$0.01 each at a price of HK\$0.12 per rights share in December 2002 immediately after the Capital Reorganisation as mentioned below and raised net proceeds of approximately HK\$25 million. The net proceeds are being used as general working capital for the Group's existing telecommunication business.

The Group relied on its internal resources, including the net proceeds from the rights issue, to fund its operations during the year.

Bank balances and cash (excluding pledged deposits) were HK\$31.1 million as at 31 December 2002 (2001: HK\$111.3 million). The Group had pledged deposits amounting to HK\$7.7 million as at 31 December 2002 (2001: HK\$7.1 million). The Group had no bank borrowings during the year.

As at 31 December 2002, the Group's liabilities under equipment lease financing amounted to HK\$7.4 million (2001: HK\$16.3 million).



As at 31 December 2002, the net assets of the Group amounted to HK\$196.4 million (2001: HK\$357.3 million). The Group's gearing ratio, measured on the basis of total borrowings as a percentage of net assets, was 3.8% (2001: 4.6%).

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-United States dollar exchange rate remains pegged.

CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2002, there were no material contingent liabilities and commitments.

CAPITAL REORGANISATION

In November 2002, the Company completed a capital reorganisation exercise implemented by means of capital reduction, share consolidation, share premium cancellation and share subdivision. As a result, immediately prior to the rights issue exercise in December 2002, the issued share capital of the Company was divided into 235,447,100 shares of HK\$0.01 each from 4,708,942,008 shares of HK\$0.02 each and a total amount of HK\$1,288,062,660 arising from the capital reduction and the share premium cancellation were applied towards the elimination of the Company's accumulated losses and the balance thereof credited to the contributed surplus account of the Company. In addition, each board lot of shares in the Company was changed from 4,000 shares of HK\$0.02 each to 10,000 shares of HK\$0.01 each after the capital reorganisation.

EMPLOYEE REMUNERATION POLICY

As at 31 December 2002, the Group had 214 employees (2001: 226 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.

e-KONG Group Limited

Directors' Report

The board of directors (the "Board") of the Company is pleased to present its report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 10 to the financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and results by principal business activities and geographical area of operations for the year ended 31 December 2002 is set out in note 25 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2002 are set out in the consolidated income statement on page 24.

The Board of the Company did not recommend the payment of any dividend for the year ended 31 December 2002 (2001: Nil).

GROUP FINANCIAL SUMMARY

A summary of results, assets and liabilities of the Group for the last five financial years is set out on pages 65 and 66.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the aggregate turnover attributable to the five largest customers of the Group accounted for approximately 5% of the Group's total turnover for the year, and sales to the largest customer included therein amounted to approximately 3%.

The aggregate purchases attributable to the five largest suppliers accounted for approximately 48% of the Group's total purchases for the year, and purchases from the largest supplier included therein amounted to approximately 19%.

At any time during the year, neither the directors of the Company, their associates, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital, had any interest in the five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in note 9 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 20 to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Richard John Siemens (*Chairman*)
Mr. Kuldeep Saran
Mr. Derrick Francis Bulawa
Mr. Lim Shyang Guey

Non-executive directors:

Mr. William Bruce Hicks
Mr. Shane Frederick Weir*
Mr. Matthew Brian Rosenberg*

* *Independent Non-executive Directors*

In accordance with the bye-law 87 of the Company's Bye-laws, Mr. Derrick Francis Bulawa and Mr. Lim Shyang Guey shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

e-KONG Group Limited

Directors' Report (Cont'd)

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2002, the directors and their respective associates had the following interests in the issued share capital of the Company or its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Section 28 of the SDI Ordinance or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") or as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance.

Name of director	Number of ordinary shares of HK\$0.01 each held		
	Personal interests	Corporate interests	Total interests
Mr. Richard John Siemens	–	100,631,627 <i>(notes 1 and 2)</i>	100,631,627
Mr. William Bruce Hicks	2,319,914 <i>(note 1)</i>	67,962,428 <i>(notes 1 and 3)</i>	70,282,342
Mr. Kuldeep Saran	341,200 <i>(note 1)</i>	67,632,428 <i>(notes 1 and 4)</i>	67,973,628
Mr. Shane Frederick Weir	10,000 <i>(note 1)</i>	–	10,000

Notes:

1. The number of shares was adjusted as a result of capital reorganisation and rights issue in November and December 2002, as detailed in note 18 to the financial statements, respectively.
2. 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.
3. 67,962,428 shares are beneficially owned by Great Wall Holdings Limited, a company controlled by Mr. William Bruce Hicks.
4. 67,632,428 shares are beneficially owned by Future (Holdings) Limited, a company controlled by Mr. Kuldeep Saran.

The interests of the directors in the share options of the Company are separately disclosed under the heading of "Arrangement to enable directors to acquire shares or debentures" below.

Save as disclosed above, none of the directors, the chief executive and/or any of their associates had any interests in the shares or debt securities of the Company or any of its associated corporations (as defined in the SDI Ordinance) as at 31 December 2002 pursuant to the SDI Ordinance and the Model Code.

e-KONG Group Limited

Directors' Report (Cont'd)

ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

In accordance with the Old Share Option Scheme which particulars are further described under the heading of "Share Option Schemes" below, other than 7,751,850 share options granted to directors which were cancelled, there were no share options granted, exercised, cancelled and lapsed during the year.

Details of movements in share options granted to directors and eligible employees under the Old Share Option Scheme during the year and their share options remaining outstanding as at 31 December 2002 were as follows:

Director	Date of grant	Exercisable period	Adjusted exercise price (note 1) HK\$	Number of share options					
				As at 1 January 2002 Adjusted (note 2)	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	As at 31 December 2002	
Mr. Richard John Siemens	24.01.2000	24.01.2000- 24.10.2009	2.30	28,700,000	2,870,000	-	-	(2,870,000)	-
Mr. Derrick Francis Bulawa	25.10.1999	25.10.2000- 24.10.2009	1.40	23,961,235	2,396,124	-	-	(2,396,124)	-
	16.11.1999	16.11.2000- 24.10.2009	1.60	4,750,000	475,000	-	-	(475,000)	-
	23.12.1999	23.12.2000- 24.10.2009	2.00	250,000	25,000	-	-	(25,000)	-
	03.01.2000	03.01.2001- 24.10.2009	2.30	25,000	2,500	-	-	(2,500)	-
	25.10.2000	25.10.2001- 24.10.2009	1.20	9,532,274	953,226	-	-	(953,226)	-
				38,518,509	3,851,850	-	-	(3,851,850)	-
Mr. Lim Shyang Guey	25.10.1999	25.10.2000- 24.10.2009	1.40	4,500,000	450,000	-	-	(450,000)	-
	24.01.2000	21.02.2000- 24.10.2009	2.30	1,500,000	150,000	-	-	(150,000)	-
	25.01.2000	01.03.2000- 24.10.2009	2.30	500,000	50,000	-	-	(50,000)	-
	03.03.2000	03.04.2000- 24.10.2009	7.60	3,800,000	380,000	-	-	(380,000)	-
				10,300,000	1,030,000	-	-	(1,030,000)	-
				77,518,509	7,751,850	-	-	(7,751,850)	-
								(note 3)	

e-KONG Group Limited

Directors' Report (Cont'd)

ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES (Cont'd)

Date of grant	Exercisable period	Adjusted exercise price (note 1) HK\$	Number of share options					
			As at 1 January 2002	Adjusted (note 2)	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	As at 31 December 2002
Employees								
25.10.1999	25.10.2000– 24.10.2009	1.40	13,650,000	1,365,000	–	–	–	1,365,000
16.11.1999	16.11.2000– 24.10.2009	1.60	75,000	7,500	–	–	–	7,500
23.12.1999	23.12.2000– 24.10.2009	2.00	3,700,000	370,000	–	–	–	370,000
03.01.2000	03.01.2001– 24.10.2009	2.30	3,000,000	300,000	–	–	–	300,000
24.01.2000	21.02.2000– 24.10.2009	2.30	6,000,000	600,000	–	–	–	600,000
25.01.2000	01.03.2000– 24.10.2009	2.30	2,000,000	200,000	–	–	–	200,000
03.03.2000	03.04.2000– 24.10.2009	7.60	15,200,000	1,520,000	–	–	–	1,520,000
03.03.2000	03.03.2001– 24.10.2009	7.60	3,150,000	315,000	–	–	–	315,000
28.04.2000	28.04.2001– 24.10.2009	3.30	4,915,000	491,500	–	–	–	491,500
09.08.2000	09.08.2001– 24.10.2009	2.30	550,000	55,000	–	–	–	55,000
25.10.2000	25.10.2001– 24.10.2009	1.20	400,000	40,000	–	–	–	40,000
16.05.2001	16.05.2001– 01.04.2003	0.80	200,000	20,000	–	–	–	20,000
			52,840,000	5,284,000	–	–	–	5,284,000
TOTAL			130,358,509	13,035,850	–	–	(7,751,850)	5,284,000

e-KONG Group Limited

Directors' Report (Cont'd)

Annual Report 2002

DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, the register of substantial shareholders maintained by the Company under section 16(1) of the SDI Ordinance showed that, other than the interests disclosed under the heading of "Directors' interests in securities" above, the following shareholders had an interest of 10% or more of the Company's issued share capital :

Name of shareholder	Number of shares held	Percentage of total issued share capital
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%

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

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31 December 2002.

SHARE CAPITAL

Details of movements in the Company's share capital during the year and the purpose of the shares issued are set out in note 18 to the financial statements.

SHARE OPTION SCHEMES

(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 Listing Rules. Under the New Share Option Scheme, the Board may 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

Pursuant to the respective employee share option schemes (the "Old Subsidiary Schemes") adopted by certain subsidiaries of the Company under the terms and conditions of the rules and procedures for share option schemes for subsidiaries of the Company (the "Old Scheme Rules and Procedures") as adopted and approved by the Company in a special general meeting held on 25 April 2001, certain directors and the chief executive of the Company, who are also directors of those subsidiaries, and employees of those subsidiaries were eligible to subscribe for shares in the respective subsidiaries under the terms and conditions stipulated therein. The Old Subsidiary Schemes were subsequently terminated by the subsidiaries upon the cancellation of the Old Scheme Rules and Procedures in a special general meeting of the Company held on 28 June 2002. No share options have ever been granted by the subsidiaries under their respective Old Subsidiary Schemes since adoption.



e-KONG Group Limited

Directors' Report (Cont'd)

SHARE OPTION SCHEMES (Cont'd)

(b) Subsidiaries (Cont'd)

On 28 June 2002, the Company adopted new scheme rules and procedures for share option schemes for its subsidiaries (the "New Scheme Rules and Procedures") to comply with the new requirements of Chapter 17 of the Listing Rules. The subsidiaries may adopt their respective share options schemes in terms and conditions of the New Scheme Rules and Procedures, pursuant to which the board of directors of each of the relevant subsidiaries may 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 New Scheme Rules and Procedures since adoption.

Summary of principal terms of the New Share Option Scheme and New Scheme Rules and Procedures are as follows:

(i) Purpose

The scheme is designed to enable the board to grant share options to eligible participants as (i) incentives and/or rewards in recognition or acknowledgement of the contributions that eligible participants have made and will make to the group; and (ii) motivation to high calibre employees for high levels of performance in order to enhance long-term shareholder value.

(ii) Maximum number of shares

The total number of shares in respect of which share options may be granted (together with share options exercised and then outstanding) under the scheme and to be granted under any other share option schemes, shall not in aggregate exceed such number of shares representing 10% of the shares in issue as at the date of approval of the scheme unless shareholders' approval has been obtained pursuant to the scheme. (As at the date of the annual report, the total number of shares available for issue under the New Share Option Scheme is 8,582,762, representing 1.8% of the issued share capital of the Company as of that date.)

SHARE OPTION SCHEMES (Cont'd)

(ii) Maximum number of shares (Cont'd)

The maximum number of shares issued and which may fall to be issued upon the exercise of the share options granted under the scheme and any other share option schemes (including both exercised and outstanding share options) to each eligible participant shall not exceed 1% of the shares in issue for the time being in any 12 month period up to and including the date of grant.

(iii) Exercise period and payment on acceptance of share options

A share option may be exercised in accordance with the terms of the scheme at any time during a period to be determined and notified by the directors to each grantee, subject to a maximum period of 10 years from the date of grant.

A share option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of a share option duly signed by the grantee (for the New Share Option Scheme) or the acceptance of the offer of the grant of a share option duly acknowledged by the grantee in such form as the board may from time to time determine (for the New Scheme Rules and Procedures) together with a remittance in favour of the company of HK\$1.00 (or its US\$ equivalent) in consideration of the grant thereof is received by the company on a business day not later than 28 days from the offer date.

(iv) Basis of determining the subscription price

New Share Option Scheme

Subject to the terms of the scheme and the provisions of the Listing Rules, the subscription price in respect of any share option shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets over the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Directors' Report (Cont'd)

SHARE OPTION SCHEMES (Cont'd)

(iv) Basis of determining the subscription price (Cont'd)

New Scheme Rules and Procedures

Subject to the terms of the scheme and the provisions of the Listing Rules, the subscription price in respect of any share option shall not be less than the par value of a share provided that if the share option is intended to qualify as an incentive stock option under the tax laws of the United States, the subscription price thereof shall not be less than the fair market value of a share as detailed therein.

(v) Remaining life of the scheme

The scheme will be valid and effective, at the discretion of the board of directors, subject to a maximum period of 10 years from the date of adoption of the scheme.

PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars regarding the principal subsidiaries of the Company are set out in note 10 to the financial statements.

LIQUIDITY

As at 31 December 2002, the Group has managed to maintain stable liquidity with cash and cash equivalents of approximately HK\$38,795,000 (2001: HK\$118,456,000).

BANK LOANS AND OVERDRAFTS

The Group has no bank loans and overdrafts as at 31 December 2002. There was no interest capitalised by the Group during the year.

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

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

RETIREMENT BENEFITS SCHEMES

Since December 2000, the Group, other than overseas subsidiaries, has operated a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group and are under the control of independent trustees. Under the MPF Scheme, both the Group and each of the qualifying employees are required to make monthly contributions at 5% of the qualifying employee's monthly income, up to a maximum of HK\$1,000 each per month. The employees may also choose to make voluntary matching contribution above the said maximum level. The contributions from the MPF Scheme charged to the income statement represent contributions payable to the MPF Scheme by the Group, other than overseas subsidiaries, to funds at rates specified in the rules of the MPF Scheme.

The overseas subsidiaries have also operated their pension schemes or similar arrangement for their employees in accordance with the statutory limits prescribed by the relevant legal requirements.

At the balance sheet date, the Group had no significant forfeited contributions which arose upon employees leaving the MPF Scheme and which are available to reduce the contributions payable by the Group in the future years.

PARTICULARS OF DIRECTORS

Biographical details of directors of the Company are set out on pages 21 and 22 under Directors' Profile.

REMUNERATION POLICIES AND EMPLOYEE RELATIONS

As at 31 December 2002, the Group employed 214 full-time employees. The Group has maintained good relationships with its employees.

SUBSEQUENT EVENT

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 subsidiaries at a consideration of HK\$1.5 million. Those subsidiaries held substantially all assets and liabilities acquired, created and assumed by the event management-related business undertaken by the Group.

e-KONG Group Limited

Directors' Report (Cont'd)

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, throughout the year ended 31 December 2002, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the draft audited financial statements for the year ended 31 December 2002.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda although there are no restrictions against such rights under the laws of Bermuda.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint the auditors, Messrs. Moores Rowland, *Chartered Accountants, Certified Public Accountants*.

On behalf of the Board
Richard John Siemens
Chairman

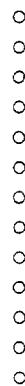
Hong Kong, 10 April 2003

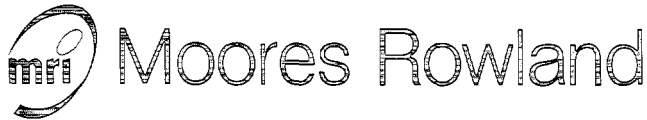
Richard John Siemens, 58, Chairman, joined the Group in January 2000. Mr. Siemens is a key figure in the telecommunications industry, and is the Chairman and a founding member of Distacom Communications Limited. He is also a founding member, Co-Chairman and Executive Director of SUNDAY Communications Limited. Born and raised in Canada, Mr. Siemens was trained as a Chartered Accountant and came to Hong Kong in 1979. In 1984, he formed Hutchison Telephone Company Limited in partnership with Hutchison Whampoa and Motorola. While being Group Managing Director of Hutchison Telecommunications Limited, Mr. Siemens was instrumental in the establishing other leading companies including AsiaSat, STAR TV and Metro Radio. He also managed Hutchison's move into the European wireless business with "Orange".

Kuldeep Saran, 51, Vice Chairman, joined the Group in December 2001. Mr. Saran has wide experience of all aspects of telecommunications, and is a leading architect of the Company's strategic development. He is also an Executive Director of Distacom Communications Limited and SUNDAY Communications Limited. Mr. Saran joined Distacom from Deutsche Bank where he was the head of the Asia Pacific telecoms group. Prior to that Mr. Saran was director of planning at Hutchison Telecommunications responsible for the development and execution of new businesses in Europe and Asia. Before moving to Hong Kong in 1992, Mr. Saran was the country head of Motorola for India. He holds a Bachelors degree in Engineering and an M.B.A.

Derrick Francis Bulawa, 39, joined the Group as Chief Executive Officer in September 1999 and was appointed in October 1999 as Executive Director. Mr. Bulawa, founder of the Zone business and President of ZONE Telecom Inc., USA, is currently based in the United States, where he is spearheading the Company's expansion into the market. Mr. Bulawa was among the key founders of STAR TV and also served as Chief Operating Officer for the US based UNIFI Communications. His experience includes over 18 years in the global telecommunications, satellite communications, and data communications business sector. Mr. Bulawa received his Bachelor of Science degree in Electronic Engineering Technology from the DeVry Institute of Technology in the United States.

Lim Shyang Guey, 43, was appointed as Executive Director in October 1999. Mr. Lim is responsible for executing the Group's overall corporate strategy. Prior to coming to Hong Kong, Mr. Lim had worked in New Zealand, Russia, Malaysia and Singapore mainly in the telecommunications and technology-related industries. Mr. Lim holds a Bachelor of Engineering degree and a Master of Engineering degree, both from the University of Auckland in New Zealand.





To the members of
e-Kong Group Limited
(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 24 to 64 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Moores Rowland
Chartered Accountants
Certified Public Accountants

Hong Kong, 10 April 2003

e-KONG Group Limited

Consolidated Income Statement

For the year ended 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
Turnover	3	316,746	263,896
Cost of sales		(226,986)	(214,038)
Gross profit		89,760	49,858
Other revenue	3	313	4,216
Other income		3,039	—
Distribution costs		(25,428)	(22,370)
Business promotion and marketing expenses		(6,853)	(31,166)
Operating and administrative expenses		(139,661)	(176,615)
Other operating expenses		(77,176)	(76,688)
Loss from operations		(156,006)	(252,765)
Finance costs	4	(1,080)	(1,216)
Intangible assets and goodwill written off	4	—	(114,795)
Provision for diminution in value of investment securities		(27,982)	(72,021)
Unrealised holding loss on other investments		(3,117)	(240,476)
Share of results of associates		1,911	(752)
Loss from ordinary activities before taxation	4	(186,274)	(682,025)
Taxation	6	—	—
Loss from ordinary activities after taxation		(186,274)	(682,025)
Minority interests		—	710
Net loss attributable to shareholders	7 & 20	(186,274)	(681,315)
Loss per share	8		
— Basic		(HK\$0.74)	(HK\$6.75)
— Diluted		N/A	N/A

e-KONG Group Limited

Consolidated Balance Sheet

As at 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	190,730	215,428
Interests in associates	11	-	4,838
Investment securities	12	3,452	31,434
		194,182	251,700
Current assets			
Other investments	13	91	47,737
Trade and other receivables	14	51,908	54,230
Pledged deposits	15	7,740	7,107
Bank balances and cash		31,055	111,349
		90,794	220,423
Current liabilities			
Trade and other payables	16	81,210	98,556
Current portion of obligations under finance leases	17	6,566	11,372
		87,776	109,928
Net current assets		3,018	110,495
Total assets less current liabilities		197,200	362,195
Long-term liabilities			
Obligations under finance leases	17	830	4,885
NET ASSETS		196,370	357,310
CAPITAL AND RESERVES			
Issued capital	18	4,709	103,665
Reserves	20	191,661	253,645
		196,370	357,310

Approved and authorised for issue by the Board of Directors on 10 April 2003

Richard John Siemens
Director

Kuldeep Saran
Director

e-KONG Group Limited

Balance Sheet

As at 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	539	1,115
Interests in subsidiaries	10	184,564	515,300
Interests in associates	11	—	6,806
		185,103	523,221
Current assets			
Trade and other receivables	14	2,168	843
Pledged deposits	15	3,045	3,007
Bank balances and cash		16,336	90,577
		21,549	94,427
Current liabilities			
Trade and other payables	16	10,094	7,337
		11,455	87,090
NET ASSETS		196,558	610,311
CAPITAL AND RESERVES			
Issued capital	18	4,709	103,665
Reserves	20	191,849	506,646
		196,558	610,311

Approved and authorised for issue by the Board of Directors on 10 April 2003

Richard John Siemens

Director

Kuldeep Saran

Director

e-KONG Group Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2002

	Share capital	Share premium	Exchange reserve	Capital redemption reserve	Goodwill on consolidation	Contributed surplus	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2001	40,879	1,122,734	(388)	6	(69,335)	-	(252,280)	841,616
Shares issued at premium	62,786	70,638	-	-	-	-	-	133,424
Shares issue expenses	-	(6,131)	-	-	-	-	-	(6,131)
Exchange difference on translation of foreign subsidiaries	-	-	381	-	-	-	-	381
Goodwill on consolidation written off	-	-	-	-	69,335	-	-	69,335
Net loss attributable to shareholders	-	-	-	-	-	-	(681,315)	(681,315)
As at 31 December 2001	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
Shares 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

e-KONG Group Limited

Consolidated Cash Flow Statement

For the year ended 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
OPERATING ACTIVITIES			
Cash used in operations	21	(101,945)	(191,292)
Interest received		313	4,216
Interest on obligations under finance leases		(1,080)	(1,216)
Net cash used in operating activities		(102,712)	(188,292)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(24,777)	(134,564)
Purchase of intangible assets		-	(4,313)
Purchase of investment securities and other investments		-	(131,294)
Proceeds from disposal of property, plant and equipment		713	1,181
Proceeds from disposal of other investments		30,664	23,200
Net (repayment from)/advances to associates		(15)	7,195
Purchase of a subsidiary (net of cash and cash equivalents acquired)		-	(1,603)
Disposal of subsidiaries (net of cash and cash equivalents disposed)		-	15,000
Net cash generated from/(used in) investing activities		6,585	(225,198)
FINANCING ACTIVITIES			
Issue of shares		25,327	127,293
Capital contributed by minority shareholders		-	591
Repayment of obligations under finance leases		(8,861)	(8,926)
Net cash generated from financing activities		16,466	118,958
Net decrease in cash and cash equivalents		(79,661)	(294,532)
Cash and cash equivalents as at 1 January		118,456	412,988
Cash and cash equivalents as at 31 December		38,795	118,456
Analysis of the balances of cash and cash equivalents			
Pledged deposits		7,740	7,107
Bank balances and cash		31,055	111,349
		38,795	118,456

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Goodwill on consolidation

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. Positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is carried as an asset in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses.

Negative goodwill arising on acquisitions of subsidiaries and associates represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill up to the fair values of the non-monetary assets acquired is recognised in the consolidated income statement over the weighted average useful life of depreciable non-monetary assets. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

On disposal of a subsidiary or an associate during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit or loss on disposal.

Subsidiaries

A subsidiary is an enterprise, in which the Group or the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities. Investments in subsidiaries in the Company's balance sheet are stated at cost less accumulated impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

Depreciation is provided to write off the cost less accumulated impairment loss of property, plant and equipment over their estimated useful life from the date on which they become fully operational and after taking into account of their estimated residual values, using the straight-line method at the following rates per annum:

Leasehold improvement	Over the remaining lease term
Machinery and equipment	20% – 33%
Office equipment, furniture and fittings	20% – 33%

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the leases.

Investments in securities

Investment securities held on a continuing basis with an identified long-term purpose are stated at cost and subject to impairment review at each reporting date to reflect any diminution in their value, which is expected to be other than temporary. The amount of provisions is recognised in the income statement in the period in which the decline occurs.

Securities not classified as investment securities are classified as other investments, which are stated at fair value in the balance sheet. The unrealised holding gains and losses for other investments are included in the income statement.

The gain or loss on disposal of investment securities and other investments is the difference between net sales proceeds and the carrying amount of the securities and is accounted for in the period in which the disposal occurs.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Impairment (Cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably.

Income in respect of telecommunications services provided to customers is recognised when the services are rendered.

Income in respect of corporate management services is recognised when the event management services are rendered.

Other income includes internet security solution services income, sale of computer hardware and software, and insurance and management consulting income. Internet security solution services income, and insurance and management consulting income are recognised in the period when the services are rendered. Sale of computer hardware and software is recognised when goods are delivered and title has passed.

Interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

Assets held under finance leases are recognised as assets at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are recognised as an expense on the straight-line basis over the lease terms.

Foreign currencies

Transactions in foreign currencies are translated at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the approximate rates of exchange ruling at that date. Translation differences are included in the income statement.

On consolidation, the balance sheet of overseas subsidiaries denominated in currencies other than Hong Kong dollars is translated at the approximate rates of exchange ruling at the balance sheet date while the income statement is translated at average rates for the year. All exchange differences arising on consolidation are dealt with in the exchange reserve.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. A deferred tax asset is not recognised unless its realisation is assured beyond reasonable doubt.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Retirement benefits schemes

The obligations for contributions to retirement benefits schemes are recognised as expenses in the income statement as incurred. The assets of the schemes are held separately from those of the Group in independent trustees.

3. TURNOVER AND REVENUE

Turnover and revenue recognised by category are analysed as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Turnover		
Telecommunication services income	298,543	224,162
Corporate management services income	11,420	34,912
Others	6,783	4,822
	<hr/>	<hr/>
	316,746	263,896
 Other revenue		
Interest income	313	4,216
	<hr/>	<hr/>
Revenue	317,059	268,112

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

4. LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	Group	
	2002 HK\$'000	2001 HK\$'000
(a) Finance costs		
Finance charges on obligations under finance leases	1,080	1,216
(b) Other items		
Amortisation of intangible assets included in other operating expenses	-	2,471
Auditors' remuneration:		
Current year	1,061	1,182
Overprovision in prior years	(581)	-
Bad debts written off	6,266	27,237
Provision for doubtful debts	1,238	6,170
Cost of inventories and services provided	226,986	214,038
Depreciation of property, plant and equipment:		
Owned assets	41,385	29,937
Assets held under finance leases	5,537	2,197
Intangible assets and goodwill written off:		
Intangible assets	-	44,208
Goodwill	-	70,587
Loss on disposal of other investments	13,865	3,807
Loss on disposal of property, plant and equipment	1,630	1,471
Loss on disposal of properties held for sale	-	2,111
Operating lease charges on premises	2,619	12,612
Staff costs, including retirement benefits schemes contributions	107,583	122,423
Retirement benefits schemes contributions	2,983	3,577
Impairment loss on property, plant and equipment included in other operating expenses	210	-

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

5. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2002 HK\$'000	2001 HK\$'000
Fees	3,200	–
Salaries, other emoluments and other benefits in kind	3,842	4,211
Retirement benefits schemes contributions	70	12
	<hr/>	
	7,112	4,223

Included in the directors' remuneration were fees of HK\$200,000 (2001: HK\$Nil) paid to the independent non-executive directors during the year.

In additions to the above emoluments, certain directors were granted share options under the Company's employee share option scheme. During the year, all of the share options granted to directors were cancelled. Details of these benefits in kind are disclosed under the paragraph "Arrangement to enable directors to acquire shares or debentures" in the Directors' Report.

In the absence of a ready market for the options granted on the shares of the Company, the directors are unable to arrive at an accurate assessment of the value of the options granted to the respective directors.

The remuneration of directors was within the following bands:

HK\$	Number of directors	
	2002	2001
Nil to 1,000,000	3	12
1,500,001 – 2,000,000	3	1
2,000,001 – 2,500,000	1	1
	<hr/>	
	7	14

No director waived or agreed to waive any remuneration during the year.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

5. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (Cont'd)

Individuals with highest emoluments

Of the six (2001: five) individuals with the highest emoluments, four (2001: two) were directors whose emoluments are disclosed above. The aggregate of the emoluments in respect of the other two (2001: three) individuals were as follows:

	2002 HK\$'000	2001 HK\$'000
Salaries and other emoluments	3,486	4,981
Retirement benefits schemes contributions	5	–
Severance payment	–	325
	<hr/>	<hr/>
	3,491	5,306

HK\$	Number of individuals	
	2002	2001
1,500,001 – 2,000,000	2	3

6. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the year.

The major components of deferred taxation not (credited)/provided for the year are as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Excess of tax allowances over depreciation	(1,528)	504
Tax losses	(93,291)	(60,412)
	<hr/>	<hr/>
	(94,819)	(59,908)

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

9. PROPERTY, PLANT AND EQUIPMENT

Group	Machinery and equipment HK\$'000	Leasehold improvement HK\$'000	Office equipment, furniture and fittings HK\$'000	Total HK\$'000
Cost				
As at 1 January 2002	231,993	938	22,209	255,140
Additions	21,496	32	3,249	24,777
Disposals	(5,630)	(237)	(1,494)	(7,361)
As at 31 December 2002	247,859	733	23,964	272,556
Accumulated depreciation				
As at 1 January 2002	31,634	232	7,846	39,712
Charge for the year	40,753	152	6,017	46,922
Impairment loss	-	-	210	210
Disposals	(4,226)	(198)	(594)	(5,018)
As at 31 December 2002	68,161	186	13,479	81,826
Net book value				
As at 31 December 2002	179,698	547	10,485	190,730
As at 31 December 2001	200,359	706	14,363	215,428

The net book value of the Group's property, plant and equipment includes an amount of HK\$5,537,000 (2001: HK\$22,262,000) in respect of assets held under finance leases.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Leasehold improvement HK\$'000	Office equipment, furniture and fittings HK\$'000	Total HK\$'000
Cost			
As at 1 January 2002	11	2,029	2,040
Disposals	(11)	(97)	(108)
As at 31 December 2002	–	1,932	1,932
Accumulated depreciation			
As at 1 January 2002	11	914	925
Charge for the year	–	559	559
Disposals	(11)	(80)	(91)
As at 31 December 2002	–	1,393	1,393
Net book value			
As at 31 December 2002	–	539	539
As at 31 December 2001	–	1,115	1,115

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

10. INTERESTS IN SUBSIDIARIES

	Company	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	7,855	—
Due from subsidiaries	901,509	816,300
Less: Provisions	(724,800)	(301,000)
	184,564	515,300

Details of the principal subsidiaries at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Percentage of share capital held by the Company		Principal activities
			Directly	Indirectly	
ZONE Global Limited	British Virgin Islands	US\$1	100%	—	Investment holding
ZONE Limited	Hong Kong	HK\$2	—	100%	Provision of telecommunication services
ZONE Telecom Pte Ltd	Singapore	S\$100,000	—	100%	Provision of telecommunication services
ZONE USA, Inc.	United States of America	US\$10	—	100%	Investment holding
ZONE Telecom, Inc.	United States of America	US\$10	—	100%	Provision of telecommunication services
E-Force Limited	Hong Kong	HK\$2	—	100%	Asset holding
EventClicks Global Limited	British Virgin Islands	US\$1,075,269	93%	—	Investment holding

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

10. INTERESTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Percentage of share capital held by the Company		Principal activities
			Directly	Indirectly	
EventClicks Limited	Hong Kong	HK\$500,000	-	93%	Provision of corporate management services
EventClicks Singapore Pte Limited	Singapore	S\$2	-	93%	Provision of corporate management services
speedinsure Global Limited	British Virgin Islands	US\$10,000	70%	-	Investment holding
speedinsure.com Limited	Hong Kong	HK\$10,000	-	70%	Provision of sales and fulfillment solution
Cyber Insurance Brokers Limited	Hong Kong	HK\$5,000,000	-	70%	Insurance brokerage
NETdefence Company Limited	Hong Kong	HK\$10,000	-	51%	Provision of internet security solution
e-Kong Pillars Limited	British Virgin Islands	US\$1	100%	-	Investment holding
e-Kong Ventures Limited	British Virgin Islands	US\$1	100%	-	Investment holding

The above summary includes those subsidiaries of the Company which, in the opinion of the Company's directors, principally affected the results or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

II. INTERESTS IN ASSOCIATES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Share of net assets	-	(1,911)	-	-
Due from associates	-	6,749	-	6,806
	-	4,838	-	6,806

Investment in an associate as at the balance sheet date represented 28% of the issued share capital of CIB (Holdings) Limited, an inactive company which is incorporated in the British Virgin Islands.

12. INVESTMENT SECURITIES

	Group	
	2002 HK\$'000	2001 HK\$'000
At cost less provision:		
Equity securities, unlisted	3,452	31,434

13. OTHER INVESTMENTS

	Group	
	2002 HK\$'000	2001 HK\$'000
At market value:		
Equity securities, listed outside Hong Kong	91	16,560
Securities portfolio, unlisted	-	31,177
	91	47,737

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Trade receivables	44,976	37,943	-	-
Other receivables				
Deposits, prepayments and other debtors	6,932	16,287	2,168	843
	51,908	54,230	2,168	843

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.

	Group	
	2002 HK\$'000	2001 HK\$'000
Current	43,402	29,048
1 to 3 months	432	5,922
More than 3 months but less than 12 months	1,142	2,973
	44,976	37,943

15. PLEDGED DEPOSITS

At the balance sheet date, the Group and the Company had pledged deposits amounting HK\$7,740,000 (2001: HK\$7,107,000) and HK\$3,045,000 (2001: HK\$3,007,000) respectively to banks for guarantee made by the banks to certain telecommunication carriers for due payment by the Group.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Trade payables	45,067	42,041	-	-
Other payables				
Accrued charges and other creditors	36,143	56,515	5,492	2,816
Due to subsidiaries	-	-	4,602	4,521
	<u>81,210</u>	<u>98,556</u>	<u>10,094</u>	<u>7,337</u>

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

	Group	
	2002 HK\$'000	2001 HK\$'000
Current	25,300	12,617
1 to 3 months	7,877	16,580
More than 3 months but less than 12 months	11,890	12,844
	<u>45,067</u>	<u>42,041</u>

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

17. OBLIGATIONS UNDER FINANCE LEASES

The obligations under finance leases are repayable as follows:

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Within one year	6,744	12,555	6,566	11,372
After one year but within 2 years	900	5,123	830	4,885
	7,644	17,678	7,396	16,257
Future finance charges	(248)	(1,421)	-	-
Present value of lease obligations	7,396	16,257	7,396	16,257

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

18. ISSUED CAPITAL

	2002		2001	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised				
<i>Preference shares</i>				
As at 1 January and as at 31 December, at HK\$1 each	<u>288,929,402</u>	<u>288,929</u>	<u>288,929,402</u>	<u>288,929</u>
<i>Ordinary shares</i>				
As at 1 January, at HK\$0.02 each	6,000,000,000	120,000	3,000,000,000	60,000
Increase in ordinary shares	-	-	3,000,000,000	60,000
Subdivision of ordinary shares	<u>6,000,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December, at HK\$0.01(2001: HK\$0.02) each	<u>12,000,000,000</u>	<u>120,000</u>	<u>6,000,000,000</u>	<u>120,000</u>
		<u>408,929</u>		<u>408,929</u>

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

18. ISSUED CAPITAL (Cont'd)

	2002		2001	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Issued and fully paid				
<i>Preference shares</i>				
As at 1 January, at HK\$1 each	9,680,000	9,680	9,680,000	9,680
Converted to ordinary shares	(9,680,000)	(9,680)	-	-
As at 31 December, at HK\$1 each	-	-	9,680,000	9,680
<i>Ordinary shares</i>				
As at 1 January, at HK\$0.02 each	4,699,262,008	93,985	1,559,959,336	31,199
Converted from preference shares	9,680,000	194	-	-
Reduction of nominal value from HK\$0.02 each to HK\$0.0005 each	-	(91,824)	-	-
Consolidation of shares	(4,473,494,908)	-	-	-
Issue of ordinary shares	235,447,100	2,354	3,139,294,672	62,786
Exercise of share options	-	-	8,000	-
As at 31 December, at HK\$0.01 (2001: HK\$0.02) each	470,894,200	4,709	4,699,262,008	93,985
Total		4,709		103,665

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

19. SHARE OPTIONS (Cont'd)

(a) Company (Cont'd)

Details of the share options granted and remained outstanding under the Old Share Option Scheme at the balance sheet date were as follows:

Date of grant	Exercisable period	Adjusted exercise price HK\$	Number of share options					As at 31 December 2002
			As at 1 January 2002	Adjusted	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	
25.10.1999	25.10.2000– 24.10.2009	1.40	42,111,235	4,211,124	–	–	(2,846,124)	1,365,000
16.11.1999	16.11.2000– 24.10.2009	1.60	4,825,000	482,500	–	–	(475,000)	7,500
23.12.1999	23.12.2000– 24.10.2009	2.00	3,950,000	395,000	–	–	(25,000)	370,000
03.01.2000	03.01.2001– 24.10.2009	2.30	3,025,000	302,500	–	–	(2,500)	300,000
24.01.2000	24.01.2000– 24.10.2009	2.30	28,700,000	2,870,000	–	–	(2,870,000)	–
24.01.2000	21.02.2000– 24.10.2009	2.30	7,500,000	750,000	–	–	(150,000)	600,000
25.01.2000	01.03.2000– 24.10.2009	2.30	2,500,000	250,000	–	–	(50,000)	200,000
03.03.2000	03.04.2000– 24.10.2009	7.60	19,000,000	1,900,000	–	–	(380,000)	1,520,000
03.03.2000	03.03.2001– 24.10.2009	7.60	3,150,000	315,000	–	–	–	315,000
28.04.2000	28.04.2001– 24.10.2009	3.30	4,915,000	491,500	–	–	–	491,500
09.08.2000	09.08.2001– 24.10.2009	2.30	550,000	55,000	–	–	–	55,000
25.10.2000	25.10.2001– 24.10.2009	1.20	9,932,274	993,226	–	–	(953,226)	40,000
16.05.2001	16.05.2001– 01.04.2003	0.80	200,000	20,000	–	–	–	20,000
TOTAL			130,358,509	13,035,850	–	–	(7,751,850)	5,284,000

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

20. RESERVES

	Share premium HK\$'000	Exchange reserve HK\$'000	Capital	Goodwill on consolidation HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
			redemption reserve HK\$'000				
Group							
As at 1 January 2001	1,122,734	(388)	6	(69,335)	-	(252,280)	800,737
Shares issue	70,638	-	-	-	-	-	70,638
Shares issue expenses	(6,131)	-	-	-	-	-	(6,131)
Exchange difference on translation of foreign subsidiaries	-	381	-	-	-	-	381
Goodwill on consolidation written off	-	-	-	69,335	-	-	69,335
Net loss attributable to shareholders	-	-	-	-	-	(681,315)	(681,315)
As at 31 December 2001	1,187,241	(7)	6	-	-	(933,595)	253,645
Shares issued at premium upon preference shares conversion	9,486	-	-	-	-	-	9,486
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	25,899	-	-	-	-	-	25,899
Shares 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	23,461	-	6	-	607,462	(439,268)	191,661

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

20. RESERVES (Cont'd)

Company	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2001	1,122,734	6	-	(220,782)	901,958
Shares issue	70,638	-	-	-	70,638
Shares issue expenses	(6,131)	-	-	-	(6,131)
Net loss attributable to shareholders	-	-	-	(459,819)	(459,819)
As at 31 December 2001	1,187,241	6	-	(680,601)	506,646
Shares issued at premium upon preference share conversion	9,486	-	-	-	9,486
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	25,899	-	-	-	25,899
Shares issue expenses	(2,926)	-	-	-	(2,926)
Net loss attributable to shareholders	-	-	-	(439,080)	(439,080)
As at 31 December 2002	23,461	6	607,462	(439,080)	191,849

Contributed surplus represents the amounts transferred from share premium account as a result of the capital reorganisation underwent by the Company in November 2002, as mentioned in note 18 to the financial statements. Under the Company Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

20. RESERVES (Cont'd)

As at 31 December 2002, the Company had the following reserves available for distribution to shareholders:

	2002 HK\$'000	2001 HK\$'000
Contributed surplus	607,462	-
Accumulated losses	(439,080)	-
	<u>168,382</u>	<u>-</u>

21. CASH USED IN OPERATIONS

	2002 HK\$'000	2001 HK\$'000
Loss before taxation	(186,274)	(682,025)
Interest income	(313)	(4,216)
Interest on obligations under finance leases	1,080	1,216
Depreciation	46,922	32,134
Loss on disposal of property, plant and equipment	1,630	1,471
Impairment loss on property, plant and equipment	210	-
Intangible assets and goodwill written off	-	114,795
Unrealised holding loss on other investments	3,117	240,476
Provision for diminution in value of investment securities	27,982	72,021
Loss on disposal of other investments	13,865	3,807
Share of results of associates	(1,911)	752
Bad debts written off	6,266	27,237
Provision for doubtful debts	1,238	6,170
Waiver of amount due from associates	6,764	-
Amortisation of intangible assets	-	2,471
Changes in working capital:		
Properties held for sale	-	3,734
Inventories	-	978
Trade and other receivables	(5,182)	(13,185)
Trade and other payables	(17,346)	491
Effect of exchange rate changes	7	381
Cash used in operations	(101,945)	(191,292)

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

22. COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date, total outstanding commitments in respect of land and buildings under non-cancellable operating leases are payable as follows:

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Within one year	6,925	10,361	-	651
In the second to fifth years inclusive	3,717	4,144	-	-
	<u>10,642</u>	<u>14,505</u>	<u>-</u>	<u>651</u>

23. DEFERRED TAXATION

At the balance sheet date, the major components of the deferred taxation liabilities/ (assets) unprovided are as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Excess of tax allowances over depreciation	1,163	2,691
Tax losses carried forward	(182,124)	(88,833)
	<u>(180,961)</u>	<u>(86,142)</u>

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

24. POST BALANCE SHEET EVENT

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. The consideration of HK\$1.5 million had been settled before the date of these financial statements.

Upon disposal of the two subsidiaries, which were engaged in the business of provision of event management services, the corporate management services segment of the Group has been discontinued since January 2003.

The turnover, results and net cash flows of the corporate management services operations for the current year, which have been included in the financial statements are as follow:

	2002 HK\$'000	2001 HK\$'000
Turnover	11,420	34,912
Operating costs	(22,990)	(57,524)
Loss before taxation	(11,570)	(22,612)
Taxation	-	-
Loss from ordinary activities after taxation	(11,570)	(22,612)
Net cash flow		
Operating activities	(9,304)	(19,052)
Investing activities	17	(4,469)
Financing activities	7,717	23,077
	(1,570)	(444)

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

24. POST BALANCE SHEET EVENT (Cont'd)

The assets and liabilities of the corporate management services operations to be disposed of are as follows:

	2002 HK\$'000	2001 HK\$'000
Total assets	2,849	7,715
Total liabilities	(41,065)	(34,361)
Net liabilities	(38,216)	(26,646)

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

25. SEGMENTAL INFORMATION

The analysis of the principal business activities and geographical area of operations of the Group during the year are as follows:

(a) By business segments

Year ended 31 December 2002

	Telecom- munication services HK\$'000	Corporate management services HK\$'000	Others HK\$'000	Consolidated HK\$'000
Turnover				
External sales	298,543	11,420	6,783	316,746
Results				
Loss from operations	(103,493)	(11,570)	(9,789)	(124,852)
Finance costs				(1,080)
Other operating income and expenses				(31,154)
Unrealised holding loss on other investment				(3,117)
Provision for diminution in value of investment securities				(27,982)
Share of results of associates				1,911
Net loss attributable to shareholders				(186,274)
Other information				
Capital expenditure	24,652	25	100	
Depreciation	43,039	1,401	1,921	
Significant non-cash expenses (other than depreciation and amortisation)	7,804	821	77	

	Telecom- munication services HK\$'000	Corporate management services HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Assets					
Segment assets	254,432	2,849	3,711	(77)	260,915
Unallocated assets					24,061
					284,976
Liabilities					
Segment liabilities	79,562	3,013	1,557	(77)	84,055
Unallocated liabilities					4,551
					88,606

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

25. SEGMENTAL INFORMATION (Cont'd)

(a) By business segments (Cont'd)

Year ended 31 December 2001

	Telecom- munication services HK\$'000	Corporate management services HK\$'000	Others HK\$'000	Consolidated HK\$'000	
Turnover					
External sales	224,162	34,912	4,822	263,896	
Results					
Loss from operations	(163,391)	(22,612)	(16,107)	(202,110)	
Intangible assets and goodwill written off	(105,628)	(2,508)	(6,659)	(114,795)	
	(269,019)	(25,120)	(22,766)	(316,905)	
Finance costs				(1,216)	
Other operating income and expenses				(50,655)	
Unrealised holding loss on other investments				(240,476)	
Provision for diminution in value of investment securities				(72,021)	
Share of results of associates				(752)	
Loss from ordinary activities				(682,025)	
Minority interests				710	
Net loss attributable to shareholders				(681,315)	
Other information					
Capital expenditure	158,635	3,076	1,234		
Depreciation and amortisation	30,725	1,286	2,076		
Significant non-cash expenses (other than depreciation and amortisation)	7,678	-	271		
	Telecom- munication services HK\$'000	Corporate management services HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Assets					
Segment assets	268,899	8,134	9,715	(382)	286,366
Interests in associates					4,838
Unallocated assets					180,919
					472,123
Liabilities					
Segment liabilities	106,417	4,405	804	(382)	111,244
Unallocated liabilities					3,569
					114,813

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

25. SEGMENTAL INFORMATION (Cont'd)

(b) By geographical segments

In presenting information on the basis of geographical segment, revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

Year ended 31 December 2002

	Asia Pacific HK\$'000	North America HK\$'000	Consolidated HK\$'000
Turnover			
External sales	139,282	177,464	316,746
Results			
Loss from operations	(43,105)	(81,747)	(124,852)
Finance costs			(1,080)
Other operating income and expenses			(31,154)
Unrealised holding loss on other investments			(3,117)
Provision for diminution in value of investment securities			(27,982)
Share of results of associates			1,911
Net loss attributable to shareholders			(186,274)
Other information			
Segment assets	45,503	215,412	260,915
Unallocated assets			24,061
			284,976
Capital expenditure	2,257	22,520	

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

25. SEGMENTAL INFORMATION (Cont'd)

(b) By geographical segments (Cont'd)

Year ended 31 December 2001

	Asia Pacific HK\$'000	North America HK\$'000	Consolidated HK\$'000
Turnover			
External sales	150,319	113,577	263,896
Result			
Loss from operations	(105,181)	(96,929)	(202,110)
Intangible assets and goodwill written off	(79,102)	(35,693)	(114,795)
	(184,283)	(132,622)	(316,905)
Finance costs			(1,216)
Other operating income and expenses			(50,655)
Unrealised holding loss on other investments			(240,476)
Provision for diminution in value of investment securities			(72,021)
Share of results of associates			(752)
Loss from ordinary activities			(682,025)
Minority interests			710
Net loss attributable to shareholders			(681,315)
Other information			
Segment assets	132,632	153,734	286,366
Interests in associates			4,838
Unallocated assets			180,919
			472,123
Capital expenditure	92,311	71,167	

e-KONG Group Limited

Notes to the Financial Statements (Cont'd)

For the year ended 31 December 2002

26. COMPARATIVE FIGURES

Following the adoption of the SSAP15 (revised) "Cash flow statements" issued by the Hong Kong Society of Accountants, the comparative information in the consolidated cash flow statements and related notes have been reclassified to conform to the current year's presentation.

e-KONG Group Limited

Summary of Results, Assets and Liabilities of the Group

	Results of the Group for the five years ended 31 December				
	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000
Turnover					
Continuing operations	316,746	263,896	76,652	44,210	54,334
Discontinued operations	-	-	23,473	1,035	-
	316,746	263,896	100,125	45,245	54,334
(Loss)/Profit from operations	(188,185)	(681,273)	5,105	(75,170)	(55,323)
Share of results of associates	1,911	(752)	(1,110)	-	-
(Loss)/Profit before taxation	(186,274)	(682,025)	3,995	(75,170)	(55,323)
Taxation	-	-	(739)	(739)	(1,763)
(Loss)/Profit from ordinary activities after taxation	(186,274)	(682,025)	3,256	(75,909)	(57,086)
Minority interests	-	710	(1,954)	(2,499)	(6,469)
Net (loss)/profit attributable to shareholders	(186,274)	(681,315)	1,302	(78,408)	(63,555)
(Loss)/Earnings per share					
Basic	(HK\$0.74)	(HK\$6.75)	HK\$0.015	(HK\$1.92)	(HK\$2.39)
Diluted	N/A	N/A	HK\$0.013	N/A	N/A

As a result of share consolidation and rights issue in 2002, figures for the years from 1998 to 2001 have been adjusted for comparison purposes.

e-KONG Group Limited

Summary of Results, Assets and Liabilities of the Group (Cont'd)

Assets and liabilities of the Group
as at 31 December

	2002	2001	2000	1999	1998
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	194,182	251,700	448,483	16,295	70,179
Current assets	90,794	220,423	491,491	115,752	15,406
Total assets	284,976	472,123	939,974	132,047	85,585
Less:					
Non-current liabilities	830	4,885	-	-	-
Current liabilities	87,776	109,928	98,239	14,346	9,278
Total liabilities	88,606	114,813	98,239	14,346	9,278
	196,370	357,310	841,735	117,701	76,307
Less:					
Minority interests	-	-	119	12,441	10,739
Net assets	196,370	357,310	841,616	105,260	65,568

e-KONG Group Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of e-Kong Group Limited (the "Company") will be held at Room 3805, Tower II, Lippo Centre, 89 Queensway, Hong Kong, on Friday, 23 May 2003 at 10:00 a.m. for the following purposes:

As Ordinary Business

1. To receive and consider the audited financial statements for the year ended 31 December 2002 and the reports of directors and of the auditors thereon;
2. To re-elect retiring directors and to fix their remuneration;
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration;

As Special Business

4. To consider and, if thought fit, pass the following resolutions, with or without amendments, as ordinary resolutions:

A "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 allot, issue or otherwise deal with additional shares of HK\$0.01 each in the capital of the Company, or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares, and to make or grant offers, agreements or options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, 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 or options which would or might require the exercise of such powers 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) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to issue of shares as a result of :
 - (i) a Rights Issue (as hereinafter defined); or

- (ii) any scrip dividend or similar arrangement providing for the allotment of shares, in lieu of the whole or part of a dividend on shares of the Company, pursuant to the Bye-laws of the Company from time to time; or
- (iii) the exercise of any option granted under any share option scheme or similar arrangement for the time being adopted and approved by the shareholders of the Company for the grant or issue to directors or employees or eligible participants of the Company and/or any of its subsidiaries of shares or rights to acquire shares in the Company; or
- (iv) the exercise of redemption or conversion rights attaching to the non-cumulative convertible redeemable preference shares of HK\$1.00 each in the capital of the Company which may be issued by the Company; or
- (v) the exercise of subscription rights or conversion rights attaching to any warrants or any other securities convertible into shares which may be issued by the Company,

shall not exceed 20% 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 purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier 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 the Bye-laws of the Company or any applicable law to be held; or
- (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders 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 the holders of shares of the Company or any class thereof on the register of members of the Company on a fixed record

date in proportion to their then holdings of such shares or any class thereof (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, or the requirements of any recognised regulatory body or any stock exchange, in any territory applicable to the Company).”

B. “THAT:

- (a) subject to paragraph (b) 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 repurchase the shares of the Company on 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 which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange and, if applicable, any other Recognised Stock Exchange, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier 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 the Bye-laws of the Company or any applicable law to be held; or
- (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

e-KONG Group Limited

Notice of Annual General Meeting (Cont'd)

- C. "THAT conditional upon Resolutions 4A and 4B above being passed, the general mandate granted to directors of the Company for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to Resolution 4A be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted, issued, and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the shares repurchased by the Company under the authority granted pursuant to Resolution 4B, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution."

By Order of the Board
Wang Poey Foon, Angela
Company Secretary

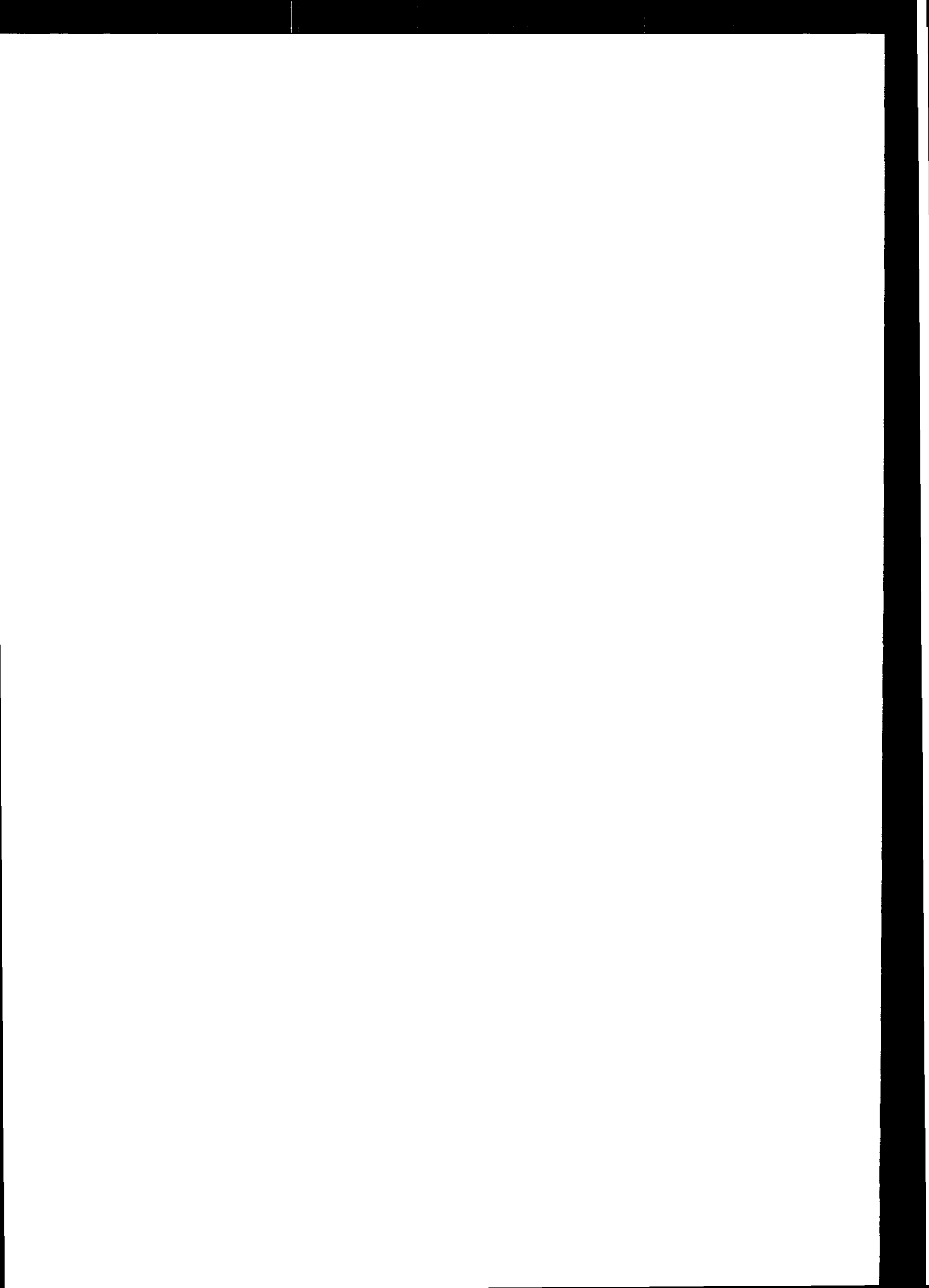
Hong Kong, 10 April 2003

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice (or at any adjournment thereof) is entitled to appoint a proxy to attend and vote on his/her behalf at the meeting. 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 of such power of attorney or authority, must be deposited at the Company's branch share registrars in Hong Kong, Secretaries Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.
3. Completion and delivery of the form of proxy shall not preclude any member from attending and voting in person at the meeting convened, if the member so desires and in such event, the form of proxy shall be deemed to be revoked.
4. In case of joint registered holders of any shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. An explanatory statement containing further details regarding Resolution 4 above will be sent to members and other persons who are entitled thereto together with the Company's 2002 Annual Report.

二〇〇二年年報

e-K  NG





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董事會

執行董事

Richard John Siemens先生 (主席)
Kuldeep Saran先生
Derrick Francis Bulawa先生
林祥貴先生

非執行董事

William Bruce Hicks先生
韋雅成先生
Matthew Brian Rosenberg先生

審核委員會

韋雅成先生
Matthew Brian Rosenberg先生

公司秘書

王培芬女士

註冊辦事處

Clarendon House
Church Street
Hamilton HM 11
Bermuda

主要辦事處

香港
灣仔
皇后大道東183號
合和中心
4101-5室

律師

王培芬律師事務所
Conyers, Dill & Pearman

核數師

摩斯倫會計師事務所
特許會計師
執業會計師

股份過戶登記處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

股份過戶登記處香港分處

秘書商業服務有限公司
香港
灣仔
告士打道56號
東亞銀行港灣中心地下

主要往來銀行

香港上海匯豐銀行有限公司
中國銀行(香港)有限公司

網站

www.e-kong.com

股份代號

0524

於回顧年度，本集團繼續推行專注於建設及發展ZONE電訊業務的策略。源自ZONE電訊業務的收益增加33.2%，由上年度的224,200,000港元增至298,500,000港元。透過ZONE電訊業務在美國、香港及新加坡持續發展，加上審慎監控財務及改善營運效率，本集團得以進一步改善其營運業績。

在美國的ZONE電訊業務錄得收益增長56.3%，由二零零一年的113,600,000港元增至177,500,000港元。ZONE美國的經營虧損減少15.7%，由上年度的96,900,000港元減至81,700,000港元。其ZoneLD服務對象為住宅客戶及小型公司，該業務的用戶基礎持續增長，主要因透過其網上銷售夥伴取得客戶所致。預期持續增長主要源自對象為企業及公司客戶的ZoneCMS服務。

於二零零二年，ZONE香港及ZONE新加坡合共佔本集團收益之38.2%，並錄得EBITDA（扣除利息、稅項、折舊及攤銷前盈利）正收益。ZONE香港及ZONE新加坡之合共營業額則增長9.5%，較上年度的110,600,000港元增至121,100,000港元。

ZONE香港的營運業績改善，主要因經營毛利增加、客戶流失減少及進一步取得營運效率收益所致。展望未來，ZONE香港將透過目標銷售及市場推廣活動、定期舉辦維繫客戶計劃及推出增值服務而持續改善其業務表現。增值服務包括以電郵接收傳真、國際飛線漫遊、短訊服務(SMS)及針對獨特市場之電話咭產品。

ZONE新加坡在激烈競爭下仍得以錄得持續的客戶基礎及收益增長。ZONE新加坡成功地與主要通訊業務夥伴達成安排，以相宜價格提供優質服務，因此得以增加毛利，亦有助ZONE新加坡以相宜訂價向有關業務市場推出其服務。

本集團於二零零三年一月出售其企業活動管理相關業務後，源自非電訊業務的收益貢獻將在來年顯著減少。於二零零二年，源自非電訊附屬公司之收益為18,200,000港元，佔本集團總收益5.8%。

財務業績

本集團於本年度之營業額增加20%至316,700,000港元，二零零一年則為263,900,000港元。ZONE電訊業務繼續成為本集團之主要收益增長來源。

毛利由二零零一年之49,900,000港元增加80%至89,800,000港元。毛利佔營業額之百分比則由二零零一年之18.9%上升至二零零二年之28.3%，主要由於ZONE業務能向電訊業營運商爭取較佳之價格。

隨著本集團之營業額增加、邊際毛利增加及營運成本降低，本集團之EBITDA虧損由二零零一年之218,100,000港元改善至二零零二年之109,100,000港元。

本年度之經營虧損為156,000,000港元，去年則為252,800,000港元。股東應佔綜合虧損淨額由681,300,000港元下降至186,300,000港元。本年度非經常性虧損為31,100,000港元（包括證券投資減值撥備28,000,000港元），二零零一年則為427,300,000港元。

財務資源、流動資金及資產負債比率

本公司於股本重組（見下文）後隨即在二零零二年十二月完成按每股供股股份0.12港元之價格供股發行235,447,100股每股面值0.01港元之供股股份，並籌集所得款項淨額約25,000,000港元。所得款項淨額乃用作本集團現有電訊業務之一般營運資金。

本集團依賴內部資源，包括供股所得款項淨額，作為年內營運資金。

於二零零二年十二月三十一日之銀行存款及現金（不包括已抵押存款）為31,100,000港元（二零零一年：111,300,000港元）。本集團於二零零二年十二月三十一日之已抵押存款為7,700,000港元（二零零一年：7,100,000港元）。本集團於本年度並無銀行借貸。

於二零零二年十二月三十一日，本集團於設備租賃融資項下之負債為7,400,000港元（二零零一年：16,300,000港元）。

本公司董事會(「董事會」)欣然提呈本公司及其附屬公司(統稱「本集團」)截至二零零二年十二月三十一日止年度之董事會報告及經審核財務報表。

主要業務

本公司之主要業務為投資控股，其主要附屬公司之主要業務載於財務報表附註10。

分類資料

本集團截至二零零二年十二月三十一日止年度按主要業務及營運地區劃分之營業額及業績分析載於財務報表附註25。

業績及股息

本集團截至二零零二年十二月三十一日止年度之業績載於第24頁之綜合收益表內。

本公司董事會不建議就截至二零零二年十二月三十一日止年度派發任何股息(二零零一年：無)。

集團財務概要

本集團過去五個財政年度之業績、資產及負債概要載於第65及66頁。

主要客戶及供應商

於回顧年度，本集團五大客戶之總營業額佔本集團本年度總營業額約5%，其中最大客戶之銷售額佔約3%。

五大供應商之總採購額佔本集團本年度總採購額約48%，其中最大供應商之採購額佔約19%。

本公司各董事、彼等之聯繫人士或就董事所知擁有本公司股本5%以上之股東，概無於年內任何時間擁有五大客戶及供應商之任何權益。

董事會報告 (續)

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物業、機器及設備

年內，本公司及本集團之物業、機器及設備之變動詳情載於財務報表附註9。

儲備

年內，本公司及本集團之儲備變動詳情載於財務報表附註20。

董事

於年內及截至本報告日期，本公司董事之芳名如下：

執行董事：

Richard John Siemens先生 (主席)

Kuldeep Saran先生

Derrick Francis Bulawa先生

林祥貴先生

非執行董事：

William Bruce Hicks先生

韋雅成先生*

Matthew Brian Rosenberg先生*

* 獨立非執行董事

遵照本公司公司細則之第87條細則，Derrick Francis Bulawa先生及林祥貴先生於應屆股東週年大會上須輪值退任，而彼等符合資格膺選連任。

董事之證券權益

於二零零二年十二月三十一日，根據證券(披露權益)條例(「披露權益條例」)第28條或上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及香港聯合交易所有限公司(「聯交所」)，或根據披露權益條例第29條存置之登記冊所記錄，各董事及彼等各自之聯繫人士在本公司或其聯營公司(定義見披露權益條例)之已發行股本中擁有之權益如下：

董事姓名	所持每股面值0.01港元之普通股股份數目		
	個人權益	公司權益	權益總數
Richard John Siemens先生	—	100,631,627 (附註1及2)	100,631,627
William Bruce Hicks先生	2,319,914 (附註1)	67,962,428 (附註1及3)	70,282,342
Kuldeep Saran先生	341,200 (附註1)	67,632,428 (附註1及4)	67,973,628
韋雅成先生	10,000 (附註1)	—	10,000

附註：

1. 股份數目已就分別於二零零二年十一月及十二月進行之股本重組及供股而作出調整，詳情載於財務報表附註18。
2. Siemens Enterprises Limited實益擁有2,400,000股股份，該公司由Richard John Siemens先生管控。Goldstone Trading Limited實益擁有98,231,627股股份，該公司由Siemens先生管控。
3. 67,962,428股股份由William Bruce Hicks先生管控之Great Wall Holdings Limited實益擁有。
4. 67,632,428股股份由Kuldeep Saran先生管控之Future (Holdings) Limited實益擁有。

董事於本公司購股權之權益另於下文「董事收購股份或債券之安排」一段中披露。

除上文所披露者外，根據披露權益條例及標準守則，於二零零二年十二月三十一日，各董事、主要行政人員及／或彼等之任何聯繫人士概無在本公司或其任何聯營公司(定義見披露權益條例)之股份或債務證券中擁有任何權益。

董事收購股份或債券之安排

根據舊購股權計劃(進一步詳情載於下文「購股權計劃」)，除已註銷7,751,850份授予董事之購股權外，年內概無購股權獲授出、行使、註銷及失效。

年內根據舊購股權計劃向董事及合資格僱員授出之購股權之變動情況及於二零零二年十二月三十一日尚未行使之購股權詳情如下：

	授出日期	行使期	經調整 行使價 (附註1) 港元	購股權數目				於二零零二年 十二月 三十一日	
				於二零零二年 一月一日	經調整 (附註2)	年內授出	年內行使	註銷/失效	
董事									
Richard John Siemens先生	二零零零年 一月二十四日	二零零零年一月二十四日至 二零零九年十月二十四日	2.30	28,700,000	2,870,000	-	-	(2,870,000)	-
Derrick Francis Bulawa先生	一九九九年 十月二十五日	二零零零年十月二十五日至 二零零九年十月二十四日	1.40	23,961,235	2,396,124	-	-	(2,396,124)	-
	一九九九年 十一月十六日	二零零零年十一月十六日至 二零零九年十月二十四日	1.60	4,750,000	475,000	-	-	(475,000)	-
	一九九九年 十二月二十三日	二零零零年十二月二十三日至 二零零九年十月二十四日	2.00	250,000	25,000	-	-	(25,000)	-
	二零零零年 一月三日	二零零一年一月三日至 二零零九年十月二十四日	2.30	25,000	2,500	-	-	(2,500)	-
	二零零零年 十月二十五日	二零零一年十月二十五日至 二零零九年十月二十四日	1.20	9,532,274	953,226	-	-	(953,226)	-
				38,518,509	3,851,850	-	-	(3,851,850)	-
林祥貴先生	一九九九年 十月二十五日	二零零零年十月二十五日至 二零零九年十月二十四日	1.40	4,500,000	450,000	-	-	(450,000)	-
	二零零零年 一月二十四日	二零零零年二月二十一日至 二零零九年十月二十四日	2.30	1,500,000	150,000	-	-	(150,000)	-
	二零零零年 一月二十五日	二零零零年三月一日至 二零零九年十月二十四日	2.30	500,000	50,000	-	-	(50,000)	-
	二零零零年 三月三日	二零零零年四月三日至 二零零九年十月二十四日	7.60	3,800,000	380,000	-	-	(380,000)	-
				10,300,000	1,030,000	-	-	(1,030,000)	-
				77,518,509	7,751,850	-	-	(7,751,850)	-
								(附註3)	

董事收購股份或債券之安排 (續)

授出日期	行使期	經調整 行使價 (附註1) 港元	購股權數目					
			於二零零二年 一月一日	經調整 (附註2)	年內授出	年內行使	於二零零二年 年內 十二月 三十一日 註銷/失效	
一九九九年 十月二十五日	二零零零年十月二十五日至 二零零九年十月二十四日	1.40	13,650,000	1,365,000	-	-	-	1,365,000
一九九九年 十一月十六日	二零零零年十一月十六日至 二零零九年十月二十四日	1.60	75,000	7,500	-	-	-	7,500
一九九九年 十二月二十三日	二零零零年十二月二十三日至 二零零九年十月二十四日	2.00	3,700,000	370,000	-	-	-	370,000
二零零零年 一月三日	二零零一年一月三日至 二零零九年十月二十四日	2.30	3,000,000	300,000	-	-	-	300,000
二零零零年 一月二十四日	二零零零年二月二十一日至 二零零九年十月二十四日	2.30	6,000,000	600,000	-	-	-	600,000
二零零零年 一月二十五日	二零零零年三月一日至 二零零九年十月二十四日	2.30	2,000,000	200,000	-	-	-	200,000
二零零零年 三月三日	二零零零年四月三日至 二零零九年十月二十四日	7.60	15,200,000	1,520,000	-	-	-	1,520,000
二零零零年 三月三日	二零零一年三月三日至 二零零九年十月二十四日	7.60	3,150,000	315,000	-	-	-	315,000
二零零零年 四月二十八日	二零零一年四月二十八日至 二零零九年十月二十四日	3.30	4,915,000	491,500	-	-	-	491,500
二零零零年 八月九日	二零零一年八月九日至 二零零九年十月二十四日	2.30	550,000	55,000	-	-	-	55,000
二零零零年 十月二十五日	二零零一年十月二十五日至 二零零九年十月二十四日	1.20	400,000	40,000	-	-	-	40,000
二零零一年 五月十六日	二零零一年五月十六日至 二零零三年四月一日	0.80	200,000	20,000	-	-	-	20,000
			52,840,000	5,284,000	-	-	-	5,284,000
合計			130,358,509	13,035,850	-	-	(7,751,850)	5,284,000

董事之重大合約權益

於結算日或年內任何時間，本公司或其各附屬公司概無訂立本公司董事於其中直接或間接擁有重大權益之重大合約。

主要股東

於二零零二年十二月三十一日，根據披露權益條例第16(1)條由本公司存置之主要股東登記冊所載，除上文「董事之證券權益」一段中披露之權益外，下列股東擁有本公司已發行股本10%或以上之權益：

股東名稱	所持股份之數目	佔總發行股本百分比
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%

* 該等權益與上文「董事之證券權益」內附註說明所披露Richard John Siemens先生(透過Goldstone Trading Limited持有)、Kuldeep Saran先生及William Bruce Hicks之公司權益相同。

除上文所披露者外，於二零零二年十二月三十一日，本公司並無獲悉有任何人士持有本公司已發行股本10%或以上之任何其他權益。

股本

本公司於年內之股本變動詳情及發行股份之目的載於財務報表附註18。

購股權計劃

(a) 本公司

根據於一九九九年十月二十五日舉行之股東特別大會上採納之本公司僱員購股權計劃(「舊購股權計劃」)，本公司董事曾可按該計劃規定之條款及條件，酌情邀請本集團之合資格僱員(包括本公司之執行董事)接納可認購本公司股份之購股權。本公司已於二零零二年六月二十八日舉行之股東特別大會上終止舊購股權計劃，惟根據該計劃已授出但未行使之購股權其後仍然有效並受該計劃條款約束。

於二零零二年六月二十八日，本公司採納一項新購股權計劃(「新購股權計劃」)以符合上市規則第17章之新規定。根據新購股權計劃，董事會可按該計劃規定之條款及條件，酌情授出購股權予(i)本集團各成員公司或聯屬公司之任何董事、僱員、顧問、客戶、供應商、業務推介代理、或法律、財務或市場推廣顧問或承包商；及/或(ii)全權信託對象包括任何上述人士之任何全權信託。本公司自採納新購股權計劃以來並無據其授出任何購股權。

(b) 附屬公司

本公司若干附屬公司各自根據本公司於二零零一年四月二十五日舉行之股東特別大會上採納及批准之本公司附屬公司購股權計劃規則及程序(「舊計劃規則及程序」)之條款及條件，分別採納僱員購股權計劃(「舊附屬公司計劃」)。據此，本公司若干董事及主要行政人員(彼等亦為該等附屬公司之董事)，與及該等附屬公司之僱員乃合符資格可根據所載條款及條件認購有關附屬公司之股份。舊附屬公司計劃其後由附屬公司在二零零二年六月二十八日召開之本公司股東特別大會上註銷舊計劃規則及程序之時告終止。自各自之舊附屬公司計劃獲採納以來，各附屬公司並無據其授出任何購股權。

購股權計劃 (續)

(ii) 股數上限 (續)

已發行及於根據計劃及任何其他購股權計劃向合資格參與者授出之購股權(包括已發行及尚未行使之購股權)獲行使時須予發行之股份數目上限,不得超過於截至授出日期(包括該日)止任何12個月期間不時已發行股份之1%。

(iii) 行使期及接納購股權之付款

購股權可於將由董事所釐定並通知各承授人之期限內任何時間按計劃之條款行使,最高期限自授出日期起計為期10年。

倘於要約日期起計28日內之營業日內,新購股權計劃之承授人妥為簽署載有接納授出購股權要約之函件副本,或新計劃規則及程序項下之承授人按董事會不時釐定之方式妥為接納授出購股權要約,以及向該公司支付1.00港元(或等值之美元)作為獲授購股權之代價已由該公司收悉,則購股權應視作已經授出並獲接納及生效。

(iv) 認購價之釐定基準

新購股權計劃

在計劃條款及上市規則之規限下,任何購股權之認購價不得少於以下之較高者(i)於授出日期股份在聯交所日報表之收市價;及(ii)本公司股份於緊接授出日期前五個交易日在聯交所日報表之平均收市價;及(iii)本公司股份之面值。

購股權計劃 (續)

(iv) 認購價之釐定基準 (續)

新計劃規則及程序

在計劃條款及上市規則之規限下，任何購股權之認購價不得低於股份之面值，惟倘購股權擬根據美國稅法合資格成為獎勵性購股權，則其認購價不得低於計劃條款所述股份之公平市值。

(v) 計劃之剩餘年期

董事會可酌情決定計劃之有效及生效期，惟以採納計劃之日起計10年為限。

主要附屬公司詳情

本公司主要附屬公司詳情載於財務報表附註10。

流動資金

於二零零二年十二月三十一日，本集團仍可維持穩定之流動資金，現金及現金等值項目約為38,795,000港元(二零零一年：118,456,000港元)。

銀行借貸及透支

本集團於二零零二年十二月三十一日並無任何銀行借貸及透支。本集團於年內亦無將利息資本化。

買賣或贖回本公司之上市證券

在本年度內，本公司或各附屬公司概無買賣或贖回本公司之任何上市證券。

退休福利計劃

自二零零零年十二月起，本集團(海外附屬公司除外)根據強制性公積金計劃條例之規則及規例，為所有合資格僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃之資產與本集團之資產分開持有，並由獨立受託人管控。根據強積金計劃，本集團及各合資格僱員均須每月作出供款，供款額為有關合資格僱員每月收入之5%，而各方每月上限為1,000港元。此外，僱員亦可選擇作出超逾上述上限金額之自願性供款。已於收益表中計入之強積金計劃供款，為本集團(海外附屬公司除外)按強積金計劃規則所訂之比率須向基金支付之供款。

海外附屬公司亦已根據有關法例規定所訂明之法定限制，為彼等之僱員設立退休金計劃或類似安排。

於結算日，本集團並無因僱員脫離強積金計劃而產生重大之沒收供款，而該沒收供款可用作削減本集團於未來年度應付之供款。

董事詳情

本公司董事之履歷詳情載於第21及22頁之董事簡歷。

酬金政策及僱員關係

於二零零二年十二月三十一日，本集團聘用214名全職僱員。本集團與僱員之關係良好。

結算日後事項

於二零零三年一月，本集團與一獨立第三方訂立買賣協議，以1,500,000港元之代價出售本公司兩家附屬公司。該等附屬公司持有本集團就所承接企業管理相關業務而購入、設立及承擔之大部份資產及負債。

最佳應用守則

本公司董事並無知悉任何資料合理顯示本公司於截至二零零二年十二月三十一日止年度未有或未曾遵守聯交所證券上市規則附錄14所載之最佳應用守則。

審核委員會

審核委員會已與管理層審閱本集團所採納之會計原則及慣例，並就審核、內部監控及財務匯報事宜(包括審閱截至二零零二年十二月三十一日止年度之經審核財務報表草稿)進行討論。

優先購買權

本公司之公司細則或百慕達法例並無關於優先購買權之規定，而百慕達法例亦無對此權利有所限制。

核數師

有關續聘特許會計師兼執業會計師摩斯倫會計師事務所為核數師之決議案將於本公司應屆股東週年大會上提呈。

承董事會命

主席

Richard John Siemens

香港，二零零三年四月十日

Richard John Siemens，58歲，主席，於二零零零年一月加入本集團。Siemens先生對電訊業具舉足輕重的影響。彼為Distacom Communications Limited主席兼創辦成員，亦為SUNDAY Communications Limited創辦成員、聯席主席兼執行董事。Siemens先生於加拿大出生及長大，受特許會計師訓練，並於一九七九年來港。於一九八四年，Siemens先生與和記黃埔及摩托羅拉合夥成立和記電話有限公司。在Siemens先生作為和記電訊有限公司之集團董事總經理同時，亦推動成立包括亞洲衛星、衛星電視及新城電台等其他著名公司，且參與和記以Orange品牌經營之歐洲流動電話業務之推展工作。

Kuldeep Saran，51歲，副主席，於二零零一年十二月加入本集團。Saran先生具備電訊業各方面之豐富經驗，為本公司策略發展擔當主要策劃工作。彼亦為Distacom Communications Limited及SUNDAY Communications Limited之執行董事。Saran先生在加入Distacom前任職德意志銀行，出任電訊組亞太區主管。在此之前，Saran先生亦曾為和記電訊之策劃部董事，負責發展及推行於歐洲及亞洲之新業務。於一九九二年來港前，Saran先生曾獲委任為摩托羅拉位於印度主管。彼持有工程學士及工商管理碩士學位。

Derrick Francis Bulawa，39歲，於一九九九年九月加盟本集團出任行政總裁，並於一九九九年十月獲委任為執行董事。Bulawa先生為Zone業務之創辦成員兼美國ZONE Telecom Inc.之總裁。彼現駐於美國，全力為本公司業務進軍該市場擔當領導工作。Bulawa先生為衛星電視的主要創辦成員之一，曾任以美國為基地之UNIFI Communications之首席營運總監，從事在環球通訊、衛星通訊、數據及電訊方面之工作超過18年之久。Bulawa先生獲美國 DeVry 科技學院頒發電子工程技術理學士學位。

林祥貴，43歲，於一九九九年十月獲委任為執行董事，負責執行集團之整體企業策略。來港前，林先生曾在紐西蘭、俄羅斯、馬來西亞及新加坡從事電訊及資訊科技相關行業之工作。林先生持有紐西蘭奧克蘭大學頒發之工程學士學位及工程碩士學位。

William Bruce Hicks，41歲，於二零零一年十二月獲委任為本公司之非執行董事。彼為SUNDAY Communications Limited(以香港為基地之流動電話公司)之集團董事總經理。Hicks先生亦為SUNDAY主要股東Distacom Communications Limited之執行董事。在一九九四年加入成為Distacom之合夥人前，Hicks先生曾效力香港和記電訊及美國Motorola Inc.。彼於一九八三年取得密芝根科技大學之電機工程學士學位及於一九八七年取得瑞士日內瓦國際管理學院之工商管理碩士學位。Hicks先生為加拿大公民，已婚，並有兩名子女。

韋雅成，48歲，於二零零一年八月獲委任為本公司之獨立非執行董事。韋雅成先生為註冊律師及Weir & Associates, Solicitors & Notaries之顧問。韋雅成先生於加拿大出生及接受教育，並專責處理有關企業商業稅務及證券等法律事務。彼自一九八五年起在香港執業，並於香港之Phillips & Vineberg律師事務所效力多年。該律師事務所為北美洲歷史最悠久及最受人敬仰的律師事務所之一。韋雅成先生在加拿大獲得律師、大律師及公證人之專業資格，並在英國及香港獲認許為律師。

Matthew Brian Rosenberg，31歲，於二零零一年八月獲委任為本公司之獨立非執行董事。Rosenberg先生現任Forgent Networks國際銷售及營運部副總裁。彼於亞洲、澳洲及歐洲之國際管理方面擁有10年經驗。彼為該等地區之電訊業及尖端科技業成功開發收入來源業務模式。彼持有麻省University of Amherst之日文及西班牙文文學士學位。



摩斯倫會計師事務所

致 e-Kong Group Limited
(於百慕達註冊成立之有限公司)
全體股東

本核數師已完成審核刊於第24頁至64頁按照香港公認會計原則編製之財務報表。

董事及核數師之責任

貴公司之董事須編製真實與公平之財務報表。在編製該等財務報表時，董事必須貫徹採用合適之會計政策。

本核數師之責任是根據審核工作之結果，對該等財務報表作出獨立意見，並向各股東報告。

意見之基礎

本核數師是按照香港會計師公會頒佈之核數準則進行審核工作。審核範圍包括以抽查方式審核與財務報表所載數額及披露事項有關之憑證，亦包括評估董事於編製該等財務報表時所作之重大估計和判斷，所釐定之會計政策是否適合貴公司及貴集團之具體情況，及有否貫徹運用並足夠披露該等會計政策。

本核數師在策劃和進行審核工作時，均以取得一切我們認為必需之資料及解釋為目標，使我們能獲得充分之憑證，就該等財務報表是否存有重要錯誤陳述，作出合理之確定。在作出意見時，我們亦已衡量該等財務報表所載之資料在整體上是否足夠。我們相信，我們之審核工作已為下列意見建立了合理之基礎。

意見

本核數師認為上述之財務報表均真實與公平地反映貴公司及貴集團於二零零二年十二月三十一日之財政狀況及貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定適當地編製。

摩斯倫會計師事務所
特許會計師
執業會計師

香港，二零零三年四月十日

e-KONG Group Limited

綜合資產負債表

於二零零二年十二月三十一日

二〇〇二年報

	附註	二零零二年 千港元	二零零一年 千港元
資產及負債			
非流動資產			
物業、機器及設備	9	190,730	215,428
聯營公司權益	11	—	4,838
證券投資	12	3,452	31,434
		194,182	251,700
流動資產			
其他投資	13	91	47,737
貿易及其他應收款項	14	51,908	54,230
已抵押存款	15	7,740	7,107
銀行結餘及現金		31,055	111,349
		90,794	220,423
流動負債			
貿易及其他應付款項	16	81,210	98,556
財務租賃承擔之即期部份	17	6,566	11,372
		87,776	109,928
流動資產淨值		3,018	110,495
總資產減流動負債		197,200	362,195
長期負債			
財務租賃承擔	17	830	4,885
資產淨值		196,370	357,310
資本及儲備			
已發行股本	18	4,709	103,665
儲備	20	191,661	253,645
		196,370	357,310

經由董事會於二零零三年四月十日批准及授權發佈

綜合現金流量表

截至二零零二年十二月三十一日止年度

二〇〇二年報

	附註	二零零二年 千港元	二零零一年 千港元
經營業務			
經營所用現金	21	(101,945)	(191,292)
已收利息		313	4,216
財務租賃承擔之利息		(1,080)	(1,216)
經營業務所用現金淨額		(102,712)	(188,292)
投資業務			
購買物業、機器及設備		(24,777)	(134,564)
購買無形資產		—	(4,313)
購買證券投資及其他投資		—	(131,294)
出售物業、機器及設備所得款項		713	1,181
出售其他投資所得款項		30,664	23,200
聯營公司(償還)/ 墊付款項		(15)	7,195
收購附屬公司(已扣除所收購 現金及現金等值項目)		—	(1,603)
出售附屬公司(已扣除所出售 現金及現金等值項目)		—	15,000
投資業務所得/(所用)現金淨額		6,585	(225,198)
融資業務			
發行股份		25,327	127,293
少數股東提供之資金		—	591
償還財務租賃承擔		(8,861)	(8,926)
融資所得現金淨額		16,466	118,958
現金及現金等值項目減少淨額		(79,661)	(294,532)
於一月一日之現金及現金等值項目		118,456	412,988
於十二月三十一日之現金及現金等值項目		38,795	118,456
現金及現金等值項目之結餘分析			
已抵押存款		7,740	7,107
銀行結餘及現金		31,055	111,349
		38,795	118,456

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1. 一般資料

本公司為於百慕達註冊成立之獲豁免有限公司，其普通股於香港聯合交易所有限公司（「聯交所」）上市。

2. 主要會計政策

本財務報表乃根據香港會計師公會所頒佈之會計實務準則（「會計實務準則」）及詮釋、香港普遍採納之會計原則及香港公司條例之披露規定而編撰。本集團所採用之主要會計政策概要載於下文。

編撰基準

此等財務報表乃按歷史成本而編撰，並已透過重估若干證券投資而作出修訂（詳見下文會計政策）。

綜合賬目之基準

綜合財務報表包括本公司及其附屬公司截至二零零二年十二月三十一日止之財務報表。

於本年內購入或出售之附屬公司業績分別由實際收購日起入賬或入賬至實際出售日止。

集團內公司間之所有重要交易及結餘已於綜合賬目時對銷。

非全資擁有附屬公司之少數股東應佔虧損乃按少數股東各自擁有之股本列賬。其後本集團承擔所有進一步虧損。

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2. 主要會計政策 (續)

減值 (續)

倘某項減值虧損其後撤回，則該項資產之賬面值將增至重新估計之可收回金額，惟以增加後之賬面值不得超逾該項資產於過往年度並無減值虧損所釐定之賬面值為限。減值虧損撤回時將即時確認為收入。

收入確認

收入乃於本集團可取得經濟利益及得以可靠地計算收入時確認。

電訊服務之收入乃於向客戶提供服務時確認。

企業管理服務之收入乃於提供活動管理服務時確認入賬。

其他收入包括互聯網保安解決方案服務收入、電腦軟硬件之銷售，以及保險及管理顧問收入。互聯網保安解決方案服務收入及保險及管理顧問收入乃於提供服務期間確認。銷售電腦軟硬件乃於貨物付運及所有權轉移時入賬。

利息收入乃以本金結餘及適用之利率，按時間比例基準計算。

租賃

凡大部份風險及擁有權之回報均已轉讓予承租人之租約，均列為財務租賃。所有其他租約均列作經營租賃。

4. 除稅前經常業務虧損

已扣除：

	本集團	
	二零零二年 千港元	二零零一年 千港元
(a) 融資成本		
財務租賃承擔之融資費用	1,080	1,216
(b) 其他項目		
無形資產攤銷已列入其他經營開支內	—	2,471
核數師酬金：		
本年度	1,061	1,182
過往年度之超額撥備	(581)	—
壞賬撇銷	6,266	27,237
呆賬撥備	1,238	6,170
存貨及已提供服務之成本	226,986	214,038
物業、機器及設備折舊：		
自置資產	41,385	29,937
財務租賃下持有之資產	5,537	2,197
無形資產及商譽撇銷：		
無形資產	—	44,208
商譽	—	70,587
出售其他投資之虧損	13,865	3,807
出售物業、機器及設備之虧損	1,630	1,471
出售待售物業之虧損	—	2,111
物業之經營租賃費用	2,619	12,612
員工成本，包括退休福利之計劃供款	107,583	122,423
退休福利計劃之供款	2,983	3,577
物業、機器及設備之減值虧損		
已列入其他經營開支內	210	—

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7. 股東應佔虧損淨額

股東應佔虧損淨額包括已計入本公司財務報表之本公司虧損439,080,000港元(二零零一年：459,819,000港元)。

8. 每股虧損

截至二零零二年十二月三十一日止年度之每股基本虧損乃按股東應佔綜合虧損186,274,000港元(二零零一年：681,315,000港元)及年內已發行普通股之加權平均數252,549,887股(二零零一年：100,890,430股)計算。

由於潛在普通股具反攤薄影響，並將會減少每股虧損，因此並無呈列每股攤薄虧損。

每股虧損之比較數字已因本公司於年內合併股份及供股發行235,447,100股本公司之股份而作出調整。

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9. 物業、機器及設備 (續)

本公司	租賃物業 裝修 千港元	辦公室 設備、傢俬 及裝置 千港元	總額 千港元
成本			
於二零零二年一月一日	11	2,029	2,040
出售	(11)	(97)	(108)
於二零零二年十二月三十一日	—	1,932	1,932
累計折舊			
於二零零二年一月一日	11	914	925
本年度折舊	—	559	559
出售	(11)	(80)	(91)
於二零零二年十二月三十一日	—	1,393	1,393
賬面淨值			
於二零零二年十二月三十一日	—	539	539
於二零零一年十二月三十一日	—	1,115	1,115

10. 附屬公司權益

	本公司	
	二零零二年 千港元	二零零一年 千港元
非上市股份，按成本	7,855	—
應收附屬公司款項	901,509	816,300
減：撥備	(724,800)	(301,000)
	184,564	515,300

於結算日之主要附屬公司之詳情如下：

附屬公司名稱	註冊成立／ 經營地點	已發行及 繳足股本	本公司所持 股本百分比		主要業務
			直接	間接	
ZONE Global Limited	英屬處女群島	1美元	100%	—	投資控股
ZONE Limited	香港	2港元	—	100%	提供電訊服務
ZONE Telecom Pte Ltd	新加坡	100,000 新加坡元	—	100%	提供電訊服務
ZONE USA, Inc.	美國	10美元	—	100%	投資控股
ZONE Telecom, Inc.	美國	10美元	—	100%	提供電訊服務
E-Force Limited	香港	2港元	—	100%	資產持有
EventClicks Global Limited	英屬處女群島	1,075,269 美元	93%	—	投資控股

財務報表附註 (續)

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11. 聯營公司權益

	本集團		本公司	
	二零零二年 千港元	二零零一年 千港元	二零零二年 千港元	二零零一年 千港元
佔資產淨值	-	(1,911)	-	-
應收聯營公司款項	-	6,749	-	6,806
	-	4,838	-	6,806

於結算日，於聯營公司之投資為佔CIB (Holdings) Limited (一間於英屬處女群島註冊成立之暫無營業公司) 已發行股本28%。

12. 證券投資

	本集團	
	二零零二年 千港元	二零零一年 千港元
按成本減撥備：		
股本證券，非上市	3,452	31,434

13. 其他投資

	本集團	
	二零零二年 千港元	二零零一年 千港元
按市值：		
股本證券，香港以外地區上市	91	16,560
證券組合，非上市	-	31,177
	91	47,737

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17. 財務租賃承擔

須於下列期間償還之財務租賃承擔：

	本集團			
	最低租金付款		最低租金付款之現值	
	二零零二年 千港元	二零零一年 千港元	二零零二年 千港元	二零零一年 千港元
一年內	6,744	12,555	6,566	11,372
1年後但於2年內	900	5,123	830	4,885
	7,644	17,678	7,396	16,257
未來融資費用	(248)	(1,421)	—	—
租賃承擔之現值	7,396	16,257	7,396	16,257

e-KONG Group Limited

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18. 已發行股本 (續)

	二零零二年		二零零一年	
	股份數目	金額 千港元	股份數目	金額 千港元
已發行及繳足股本				
優先股				
於一月一日，				
每股面值1港元	9,680,000	9,680	9,680,000	9,680
兌換成普通股	(9,680,000)	(9,680)	—	—
於十二月三十一日，				
每股面值1港元	—	—	9,680,000	9,680
普通股				
於一月一日，				
每股面值0.02港元	4,699,262,008	93,985	1,559,959,336	31,199
優先股兌換	9,680,000	194	—	—
每股面值由0.02港元削減				
為每股面值0.0005港元	—	(91,824)	—	—
合併股份	(4,473,494,908)	—	—	—
發行普通股	235,447,100	2,354	3,139,294,672	62,786
行使購股權	—	—	8,000	—
於十二月三十一日，				
每股面值0.01港元				
(二零零一年：0.02港元)	470,894,200	4,709	4,699,262,008	93,985
合計		4,709		103,665

18. 已發行股本 (續)

年內，有關本公司股本變動之詳情如下：

- (a) 於二零零二年十月，合共9,680,000股每股面值1港元之優先股被強制按每股0.98港元之溢價轉換成9,680,000股每股面值0.02港元之普通股。
- (b) 於二零零二年十一月二十一日，股東召開股東特別大會，並在會上批准下列股本重組及拆細法定股本：

(i) 股本重組

所有當時現有已發行股份之面值因注銷每股面值0.0195港元而自每股面值0.02港元削減至每股面值0.0005港元(「削減股份」)。

削減股本所產生之進賬額91,824,000港元及於本公司股份溢價賬中之進賬額1,196,239,000港元已用於抵銷本公司於二零零一年十二月三十一日之累積虧損680,601,000港元，而餘額607,462,000港元則列入本公司之實繳盈餘賬內。

每20股每股面值0.0005港元之已發行削減股份合併為1股每股面值0.01港元之普通股(「合併股份」)。

(ii) 拆細法定股本

本公司股本中所有每股面值0.02港元之法定但未發行之普通股股份已拆細為本公司股本中兩股每股面值0.01港元之新普通股股份。

- (c) 於二零零二年十二月，235,447,100股每股面值0.01港元之新普通股按每股面值0.01港元之新普通股供1股供股股份之基準發行，每股發售價為0.12港元(「供股」)。

董事擬將供股所得款項淨額約25,000,000港元用作本公司之營運資金。

所有於年內發行之新普通股在各方面與本公司之現有普通股享有同等權利。

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19. 購股權

(a) 本公司

根據於一九九九年十月二十五日舉行之股東特別大會上採納之本公司僱員購股權計劃(「舊購股權計劃」)，本公司董事曾可按該計劃規定之條款及條件，酌情邀請本集團之合資格僱員(包括本公司之執行董事)接納可認購本公司股份之購股權。本公司已於二零零二年六月二十八日舉行之股東特別大會上終止舊購股權計劃，惟根據該計劃已授出但未行使之購股權其後仍然有效並受該計劃條款約束。

於二零零二年六月二十八日，本公司採納一項新購股權計劃(「新購股權計劃」)以符合上市規則第17章之新規定。根據新購股權計劃，董事會可按該計劃規定之條款及條件，酌情授出購股權予(i)本集團各成員公司或聯屬公司之任何董事、僱員、顧問、客戶、供應商、業務推介代理、或法律、財務或市場推廣顧問或承包商；及／或(ii)全權信託對象包括上述任何人士之任何全權信託。本公司自採納新購股權計劃以來並無據其授出任何購股權。

19. 購股權 (續)

(a) 本公司 (續)

於結算日，本公司根據舊購股權計劃已授出但尚未行使之購股權詳情如下：

授出日期	行使期	經調整 行使價 港元	購股權數目				於二零零二年	
			於二零零二年 一月一日	經調整	年內授出	年內行使	年內 註銷/失效	十二月 三十一日
一九九九年 十月二十五日	二零零零年十月二十五日至 二零零九年十月二十四日	1.40	42,111,235	4,211,124	-	-	(2,846,124)	1,365,000
一九九九年 十一月十六日	二零零零年十一月十六日至 二零零九年十月二十四日	1.60	4,825,000	482,500	-	-	(475,000)	7,500
一九九九年 十二月二十三日	二零零零年十二月二十三日至 二零零九年十月二十四日	2.00	3,950,000	395,000	-	-	(25,000)	370,000
二零零零年 一月三日	二零零一年一月三日至 二零零九年十月二十四日	2.30	3,025,000	302,500	-	-	(2,500)	300,000
二零零零年 一月二十四日	二零零零年一月二十四日至 二零零九年十月二十四日	2.30	28,700,000	2,870,000	-	-	(2,870,000)	-
二零零零年 一月二十四日	二零零零年二月二十一日至 二零零九年十月二十四日	2.30	7,500,000	750,000	-	-	(150,000)	600,000
二零零零年 一月二十五日	二零零零年三月一日至 二零零九年十月二十四日	2.30	2,500,000	250,000	-	-	(50,000)	200,000
二零零零年 三月三日	二零零零年四月三日至 二零零九年十月二十四日	7.60	19,000,000	1,900,000	-	-	(380,000)	1,520,000
二零零零年 三月三日	二零零一年三月三日至 二零零九年十月二十四日	7.60	3,150,000	315,000	-	-	-	315,000
二零零零年 四月二十八日	二零零一年四月二十八日至 二零零九年十月二十四日	3.30	4,915,000	491,500	-	-	-	491,500
二零零零年 八月九日	二零零一年八月九日至 二零零九年十月二十四日	2.30	550,000	55,000	-	-	-	55,000
二零零零年 十月二十五日	二零零一年十月二十五日至 二零零九年十月二十四日	1.20	9,932,274	993,226	-	-	(953,226)	40,000
二零零一年 五月十六日	二零零一年五月十六日至 二零零三年四月一日	0.80	200,000	20,000	-	-	-	20,000
合計			130,358,509	13,035,850	-	-	(7,751,850)	5,284,000

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20. 儲備

	資本		綜合賬目		實繳盈餘 千港元	累計虧損 千港元	總額 千港元
	股份溢價 千港元	匯兌儲備 千港元	贖回儲備 千港元	之商譽 千港元			
本集團							
於二零零一年							
一月一日	1,122,734	(388)	6	(69,335)	—	(252,280)	800,737
發行股份	70,638	—	—	—	—	—	70,638
發行股份之開支	(6,131)	—	—	—	—	—	(6,131)
換算海外附屬公司時							
之匯兌差額	—	381	—	—	—	—	381
撇銷綜合賬目時							
產生之商譽	—	—	—	69,335	—	—	69,335
股東應佔虧損淨額	—	—	—	—	—	(681,315)	(681,315)
於二零零一年							
十二月三十一日	1,187,241	(7)	6	—	—	(933,595)	253,645
於優先股轉換時							
按溢價發行之股份	9,486	—	—	—	—	—	9,486
股份面值由							
每股面值0.02港元							
削減至每股							
面值0.0005港元	—	—	91,824	—	—	—	91,824
股本重組	(1,196,239)	—	(91,824)	—	607,462	680,601	—
於供股時按溢價							
發行股份	25,899	—	—	—	—	—	25,899
發行股份開支	(2,926)	—	—	—	—	—	(2,926)
換算海外附屬公司時							
之匯兌差額	—	7	—	—	—	—	7
股東應佔虧損淨額	—	—	—	—	—	(186,274)	(186,274)
於二零零二年							
十二月三十一日	23,461	—	6	—	607,462	(439,268)	191,661

e-KONG Group Limited

財務報表附註 (續)

截至二零零二年十二月三十一日止年度

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20. 儲備 (續)

	股份溢價 千港元	資本 贖回儲備 千港元	實繳盈餘 千港元	累計虧損 千港元	總額 千港元
本公司					
於二零零一年					
一月一日	1,122,734	6	—	(220,782)	901,958
發行股份	70,638	—	—	—	70,638
發行股份之開支	(6,131)	—	—	—	(6,131)
股東應佔虧損淨額	—	—	—	(459,819)	(459,819)
於二零零一年					
十二月三十一日	1,187,241	6	—	(680,601)	506,646
於優先股轉換時按					
溢價發行之股份	9,486	—	—	—	9,486
股份面值由每股面值					
0.02港元削減至					
每股面值0.0005港元	—	91,824	—	—	91,824
股本重組	(1,196,239)	(91,824)	607,462	680,601	—
於供股時按					
溢價發行股份	25,899	—	—	—	25,899
發行股份之開支	(2,926)	—	—	—	(2,926)
股東應佔虧損淨額	—	—	—	(439,080)	(439,080)
於二零零二年					
十二月三十一日	23,461	6	607,462	(439,080)	191,849

實繳盈餘乃指本公司於二零零二年十一月進行股本重組而從股份溢價賬轉撥之數額(見財務報表附註18)。根據百慕達1981年公司法(經修訂)，實繳盈餘可供分派予股東，惟倘有理由相信出現下列情況，則本公司不得宣派或支付股息、或以實繳盈餘進行分派：

- (i) 本公司在作出該付款後不能或將無法償還到期之負債；或
- (ii) 本公司資產之可變現價值將因此少於其負債及其已發行股本及股份溢價賬之合共數額。

財務報表附註 (續)

截至二零零二年十二月三十一日止年度

20. 儲備 (續)

於二零零二年十二月三十一日，本公司有下列儲備可供分派予股東：

	二零零二年 千港元	二零零一年 千港元
實繳盈餘	607,462	—
累積虧損	(439,080)	—
	168,382	—

21. 經營所用現金

	二零零二年 千港元	二零零一年 千港元
除稅前虧損	(186,274)	(682,025)
利息收入	(313)	(4,216)
財務租賃承擔之利息	1,080	1,216
折舊	46,922	32,134
出售物業、機器及設備之虧損	1,630	1,471
物業、機器及設備之減值虧損	210	—
無形資產及商譽撇銷	—	114,795
持有其他投資之未變現虧損	3,117	240,476
證券投資減值撥備	27,982	72,021
出售其他投資之虧損	13,865	3,807
應佔聯營公司業績	(1,911)	752
壞賬撇銷	6,266	27,237
呆賬撥備	1,238	6,170
豁免聯營公司所欠款項	6,764	—
攤銷無形資產	—	2,471
營運資金變動：		
待售物業	—	3,734
存貨	—	978
貿易及其他應收款項	(5,182)	(13,185)
貿易及其他應付款項	(17,346)	491
匯率變動之影響	7	381
經營所用現金	(101,945)	(191,292)

24. 結算日後事項

於二零零三年一月，本集團就按1,500,000港元之代價出售本公司兩家全資附屬公司與獨立第三方訂立買賣協議。該1,500,000港元之代價已於此等財務報表之日期前收訖。

於出售該兩家從事提供企業管理服務之附屬公司後，本集團之企業管理服務業務自二零零三年一月起已告終止。

以下乃本年度企業管理服務之營業額、業績及現金流量淨額已列入財務報表內：

	二零零二年 千港元	二零零一年 千港元
營業額	11,420	34,912
經營成本	(22,990)	(57,524)
除稅前虧損	(11,570)	(22,612)
稅項	—	—
除稅後日常業務之虧損	(11,570)	(22,612)
現金流量淨額		
經營業務	(9,304)	(19,052)
投資業務	17	(4,469)
融資業務	7,717	23,077
	(1,570)	(444)

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財務報表附註 (續)

截至二零零二年十二月三十一日止年度

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25. 分類資料 (續)

(b) 按地區劃分 (續)

截至二零零一年十二月三十一日止年度

	亞太地區 千港元	北美洲 千港元	綜合 千港元
營業額			
對外銷售	150,319	113,577	263,896
業績			
經營虧損	(105,181)	(96,929)	(202,110)
無形資產及商譽撇銷	(79,102)	(35,693)	(114,795)
	(184,283)	(132,622)	(316,905)
融資成本			(1,216)
其他經營收入及開支			(50,655)
持有其他投資之未變現虧損			(240,476)
投資證券減值撥備			(72,021)
應佔聯營公司業績			(752)
經常業務虧損			(682,025)
少數股東權益			710
股東應佔虧損淨額			(681,315)
其他資料			
分類資產	132,632	153,734	286,366
聯營公司權益			4,838
未予分配資產			180,919
			472,123
資本開支	92,311	71,167	

26. 比較數字

於採納香港會計師公會所頒佈之會計實務準則第15號(已修訂)「現金流量報表」後，於綜合現金流量表及相關附註內所載之比較資料已重新分類，以便與本年度之呈報方式一致。

e-KONG Group Limited

本集團之業績、資產及負債概要 (續)

本集團於十二月三十一日之資產及負債

	二零零二年 千港元	二零零一年 千港元	二零零零年 千港元	一九九九年 千港元	一九九八年 千港元
非流動資產	194,182	251,700	448,483	16,295	70,179
流動資產	90,794	220,423	491,491	115,752	15,406
總資產	284,976	472,123	939,974	132,047	85,585
減：					
非流動負債	830	4,885	—	—	—
流動負債	87,776	109,928	98,239	14,346	9,278
總負債	88,606	114,813	98,239	14,346	9,278
	196,370	357,310	841,735	117,701	76,307
減：					
少數股東權益	—	—	119	12,441	10,739
資產淨值	196,370	357,310	841,616	105,260	65,568

二〇〇二年報

