

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

2003 Third Quarter Financial Statement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

| Group | Notes | Q3-03 \$'000 | Q3-02 \$'000 | YTD Sep-03 \$'000 | YTD Sep-02 \$'000 | Q3 Inc/ (Dec) % | YTD Inc/ (Dec) % |
|---------------------------------|-------|-----------------|-----------------|-------------------------|-------------------------|-----------------------|------------------------|
| Revenue | | 27,168 | 18,357 | 65,630 | 49,635 | 48% | 32% |
| Spare Parts Consumed | | (11,178) | (6,561) | (25,984) | (17,629) | 70% | 47% |
| Other Operating Income | (i) | 1,219 | 1,367 | 6,766 | 3,823 | (11%) | 77% |
| Staff Costs | | (6,596) | (5,280) | (18,550) | (15,095) | 25% | 23% |
| Depreciation | | (666) | (508) | (1,838) | (1,480) | 31% | 24% |
| Other Operating Expenses | (ii) | (3,816) | (3,875) | (10,759) | (8,403) | (2%) | 28% |
| Profit from operations | | 6,131 | 3,500 | 15,265 | 10,851 | 75% | 41% |
| Finance cost | (iii) | (101) | (8) | (161) | (36) | 1163% | 347% |
| Profit before income tax | | 6,030 | 3,492 | 15,104 | 10,815 | 73% | 40% |
| Income tax expenses | | (909) | (417) | (2,272) | (1,966) | 118% | 16% |
| Profit after income tax | | 5,121 | 3,075 | 12,832 | 8,849 | 67% | 45% |
| Minority interests | | 4 | 6 | (5) | (78) | (33%) | (94%) |
| Net profit attributable | | | | | | | |
| to shareholders | | 5,125 | 3,081 | 12,827 | 8,771 | 66% | 46% |

1(a)(i) Other operating income consist of the following:

| | Note | Q3-03 \$'000 | Q3-02 \$'000 | YTD Sep- 03 \$'000 | YTD Sep- 02 \$'000 |
|---|------|-----------------|-----------------|-----------------------------|-----------------------------|
| Management and corporate advisory fees | 1 | 1,077 | 1,286 | 3,102 | 1,286 |
| Royalty | | - | - | 1,238 | 530 |
| Foreign currency exchange gain | 2 | 90 | 65 | 1,811 | 367 |
| Interest income | | 44 | - | 119 | 157 |
| Imputed cost of free inventories now sold | | - | - | - | 765 |
| Government grant | | - | - | 229 | - |
| Rental income | | - | - | - | 5 |
| Reimbursement of expenses by a minority shareholder | | - | - | - | 109 |
| Others | | 8 | 16 | 267 | 604 |
| | | <u>1,219</u> | <u>1,367</u> | <u>6,766</u> | <u>3,823</u> |

Note 1 : Management and corporate advisory fee

The Group has entered into management and corporate advisory agreements with third parties to manage the operations for five companies in the People's Republic of China ("PRC"), India and Singapore. Three of these agreements will continue until such time when the parties thereto shall mutually agree to terminate the agreements. The fourth agreement is a long term agreement unless terminated at an earlier date and the fifth agreement is a two-year term agreement unless terminated at an earlier date. The scope of services includes, *inter alia*, managing the day-to-day operations, providing necessary technical support, conducting market surveys, developing annual business plan and providing training of management and technical personnel.

Note 2 : Foreign currency exchange gain

Foreign currency exchange gain in third quarter of 2003 has reduced significantly as compared to the preceding two quarters as the Group has adopted a more conservative foreign exchange management policy in line with the Group's long term objective of hedging.

1(a)(ii) Included in other operating expenses are the following:

| | Q3-03 \$'000 | Q3-02 \$'000 | YTD Sep-03 \$'000 | YTD Sep-02 \$'000 |
|--|-------------------------|-------------------------|----------------------------------|----------------------------------|
| Amortisation of goodwill | 162 | 155 | 520 | 368 |
| Loss on disposal of property, plant and equipment | 4 | 5 | 4 | 68 |
| Minimum lease payments under operating lease | 1,311 | 1,089 | 3,560 | 2,238 |
| Reversal of allowances for doubtful trade receivables | - | (26) | (46) | (162) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

1(a)(iii) Finance cost consist of the following:

| | Q3-03 \$'000 | Q3-02 \$'000 | YTD Sep-03 \$'000 | YTD Sep-02 \$'000 |
|--|-------------------------|-------------------------|----------------------------------|----------------------------------|
| Interest expense to non-related companies | - | - | - | 28 |
| Interest on bonds | - | 570 | - | 1,710 |
| Interest on bank loans | <u>101</u> | <u>8</u> | <u>161</u> | <u>8</u> |
| | 101 | 578 | 161 | 1,746 |
| Recovery of interest expense | <u>-</u> | <u>(570)</u> | <u>-</u> | <u>(1,710)</u> |
| | <u>101</u> | <u>8</u> | <u>161</u> | <u>36</u> |

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

| ASSETS | Notes | Group | | Company | |
|--------------------------------------|--------------|-----------------|-----------------|-----------------|-----------------|
| | | 30/09/03 | 31/12/02 | 30/09/03 | 31/12/02 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Current assets: | | | | | |
| Cash | | 28,717 | 6,839 | 20,219 | 2,070 |
| Trade receivables | (a) | 24,094 | 20,788 | 13,265 | 17,976 |
| Other receivables and prepayments | (b) | 19,945 | 9,336 | 36,435 | 23,832 |
| Inventories | (c) | 10,844 | 9,621 | 3,822 | 6,295 |
| Total current assets | | 83,600 | 46,584 | 73,741 | 50,173 |
| Non-current assets: | | | | | |
| Investment in subsidiaries | | - | - | 23,832 | 13,147 |
| Investment | | 542 | - | 542 | - |
| Property, plant and equipment | | 17,953 | 14,139 | 7,136 | 6,493 |
| Club memberships | | 87 | 87 | 87 | 87 |
| Goodwill on purchase of business | | 2,114 | - | 1,026 | - |
| Goodwill arising on consolidation | | 10,446 | 10,749 | - | - |
| Total non-current assets | | 31,142 | 24,975 | 32,623 | 19,727 |
| Total assets | | 114,742 | 71,559 | 106,364 | 69,900 |
| Current liabilities: | | | | | |
| Bank overdrafts | | - | 57 | - | 57 |
| Trade payables | (d) | 10,167 | 8,180 | 12,108 | 17,744 |
| Other payables | (e) | 5,962 | 11,612 | 14,718 | 8,889 |
| Income tax payable | | 3,469 | 3,838 | 270 | 1,487 |
| Obligations under finance leases | | 37 | 37 | - | - |
| Bank loans | (f) | 11,870 | 4,740 | 9,671 | 4,740 |
| Preference shares | | - | 997 | - | 997 |
| Bonds payable | | - | 19,000 | - | 19,000 |
| Total current liabilities | | 31,505 | 48,461 | 36,767 | 52,914 |
| Non-current liabilities: | | | | | |
| Obligations under finance leases | | 88 | 182 | - | - |
| Deferred tax | | 740 | 574 | 912 | 712 |
| Total non-current liabilities | | 828 | 756 | 912 | 712 |
| Minority Interest | | 498 | 262 | - | - |
| Capital and reserves: | | | | | |
| Issued capital | | 15,829 | 5,000 | 15,829 | 5,000 |
| Capital redemption reserve | | 22 | 22 | 22 | 22 |
| Share premium | | 42,186 | - | 42,186 | - |
| Foreign currency translation reserve | | (719) | (299) | - | - |
| Accumulated profits | | 24,593 | 17,357 | 10,648 | 11,252 |
| Total equity | | 81,911 | 22,080 | 68,685 | 16,274 |
| Total liabilities and equity | | 114,742 | 71,559 | 106,364 | 69,900 |

Note:

(a) Trade Receivables

The trade receivables turnover day is 100 days for the 3rd quarter of 2003 (1st half :103 days) and the trade receivables aging is as follows:

| Trade Receivables Aging | 1 - 30 Days | 31 - 60 Days | 61 - 90 Days | Over 90 Days | Total |
|--------------------------------|--------------------|---------------------|---------------------|---------------------|--------------|
| As at 30 September 2003 | 59% | 14% | 7% | 20% | 100% |
| As at 30 June 2003 | 61% | 13% | 14% | 12% | 100% |
| As at 31 March 2003 | 49% | 18% | 8% | 25% | 100% |

Included in trade receivables of the Group as at 30 September 2003 are third party logistics (3PL) receivables amounting to \$3.2 million.

(b) Other Receivables and Prepayments

Included in other receivables are recoverables from certain repair management activities amounting to \$6.6 million. Apart from the above, other receivables includes deposits for rental and utilities (\$1.4 million), deposits for purchase of investments and assets (\$3.9 million) and prepayments (\$0.8 million).

(c) Inventories

Included in inventories of the Group are third party logistics (3PL) stocks amounting to \$2.6 million.

(d) Trade Payable

Trade payable turnover day is 115 days for the third quarter of 2003. (1st half 94 days)

(e) Other Payable

Other payable decreases mainly due to reversal of accrued loan interest on bond payable and payment of deferred purchase consideration on acquisition of a subsidiary.

(f) Bank Loans

The bank loans of the Group are drawn down for the following:

| | |
|--|---------------|
| | \$'000 |
| Investment in PRC | 2,112 |
| 3PL and certain repair management activities | 9,758 |
| Total | <u>11,870</u> |

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 30 September 2003 | | As at 31 December 2002 | |
|-------------------------|--------------------|------------------------|--------------------|
| Secured (\$'000) | Unsecured (\$'000) | Secured (\$'000) | Unsecured (\$'000) |
| 6,417 | 5,490 | 4,834 | 19,997 |

Amount repayable after one year

| As at 30 September 2003 | | As at 31 December 2002 | |
|-------------------------|--------------------|------------------------|--------------------|
| Secured (\$'000) | Unsecured (\$'000) | Secured (\$'000) | Unsecured (\$'000) |
| 88 | Nil | 182 | Nil |

Details of collateral

The bank loans amounting to \$6,380,000 (31 December 2002: \$4,740,000) of the Group are secured by fixed deposits of \$4,970,000, certain inventories and receivables of the Group.

Finance lease is secured by the fixed assets acquired under the lease arrangement.

The unsecured group borrowings as at 31 December 2002 consist of \$19,000,000 redeemable convertible bonds and \$997,000 convertible redeemable preference shares which have been converted into ordinary shares of the Company in 2003.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Note | Q3-03 \$'000 | Q3-02 \$'000 | YTD Sep-03 \$'000 | YTD Sep-02 \$'000 |
|--|------|-----------------|-----------------|-------------------------|-------------------------|
| Cash flows from operating activities: | | | | | |
| Profit before income tax | | 6,030 | 3,492 | 15,104 | 10,815 |
| Adjustments for: | | | | | |
| Depreciation expense | | 666 | 508 | 1,838 | 1,480 |
| Interest expense | | 101 | 8 | 161 | 36 |
| Interest income | | (44) | - | (119) | (157) |
| Loss / (Gain) on disposal of property, plant and equipment | | - | 5 | (4) | 68 |
| Property, plant and equipment written off | | - | - | 19 | - |
| Amortisation of goodwill | | 162 | 155 | 520 | 368 |
| Operating profit before working capital changes | | 6,915 | 4,168 | 17,519 | 12,610 |
| Trade receivables | (a) | (1,527) | 939 | (3,306) | (2,514) |
| Other receivables and prepaid expenses | (a) | (7,295) | (2,355) | (6,644) | (5,238) |
| Inventories | (a) | (184) | (135) | (1,223) | (2,705) |
| Trade payables | | 1,998 | (1,640) | 1,987 | 912 |
| Other payables | | 2,297 | (710) | (1,718) | (739) |
| Cash generated from operations | | 2,204 | 267 | 6,615 | 2,326 |
| Interest received | | 44 | - | 119 | 157 |
| Income tax refund/ (paid) | | 128 | (173) | (2,475) | (480) |
| Net cash from operating activities | (a) | <u>2,376</u> | <u>94</u> | <u>4,259</u> | <u>2,003</u> |
| Cash flows from investing activities: | | | | | |
| Purchase of property, plant and equipment | | (1,096) | (1,415) | (5,667) | (5,838) |
| Proceeds from disposal of property, plant and equipment | | - | - | 4 | 163 |
| Deposits for purchase of assets and investments | (b) | (1,426) | - | (3,884) | - |
| Purchase of business | (b) | - | - | (2,403) | - |
| Purchase of investments | | (500) | - | (542) | - |
| Payment for deferred purchase consideration | | - | (1,029) | (3,932) | (1,878) |
| Net cash used in investing activities | | <u>(3,022)</u> | <u>(2,444)</u> | <u>(16,424)</u> | <u>(7,553)</u> |
| Cash flows from financing activities: | | | | | |
| Proceeds from issuing shares net of share issue expenses | | 20 | - | 27,427 | - |
| Proceed from issuing shares to minority shareholders | | - | - | 219 | - |
| Interest paid | | (101) | (8) | (161) | (36) |
| (Decrease) / Increase in finance lease | | (17) | 160 | (95) | (53) |
| Proceeds from bank loans | (a) | 3,485 | 350 | 7,130 | 2,600 |
| Net cash from financing activities | | <u>3,387</u> | <u>502</u> | <u>34,520</u> | <u>2,511</u> |
| Net effect of exchange rate changes in consolidating subsidiaries | | | | | |
| | | (899) | 336 | (420) | 107 |
| Net increase/(decrease) in cash | | 1,842 | (1,512) | 21,935 | (2,932) |
| Balance at beginning of period/ year | | 26,875 | 8,316 | 6,782 | 9,736 |
| Balance at end of period/year | (d) | <u>28,717</u> | <u>6,804</u> | <u>28,717</u> | <u>6,804</u> |

Note

(a)

Included in the cash flow from operating activities for the 9 months ended 30 September 2003 are the following working capital changes:

| | \$'000 |
|---|---------------|
| Trade receivables arising from 3PL | 3,207 |
| Other receivables arising from certain repair management activities | 6,569 |
| Stocks for 3PL operations | 2,564 |
| | <u>12,340</u> |

The net cash flow from operating activities would have been as follows without the above activities that are financed by loan.

| | Q1-03 | Q2-03 | Q3-03 | YTD Sep-03 |
|---|--------------|--------------|--------------|-----------------------|
| Net cash from operating activities (per cash flow statement) | 3,037 | (1,214) | 2,376 | 4,259 |
| Loan undertaken for 3PL and certain repair management activities | 1,126 | 4,759 | 3,873 | 9,758 |
| Adjusted net cash from operating activities | <u>4,163</u> | <u>3,545</u> | <u>6,249</u> | <u>14,017</u> |

(b)

This relates to the purchase of business in China.

(c)

Cash as at the end of financial period included in the consolidated cash flow statement comprise of cash and bank balances.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Issued capital (ordinary shares) \$'000 | Capital redemption reserve \$'000 | Share Premium \$'000 | Foreign currency translation reserve \$'000 | Accumulated profits \$'000 | Total \$'000 |
|--|---|--|----------------------------|---|----------------------------------|-----------------|
| Group (9 months Ended September 2002) | | | | | | |
| Balance at January 1, 2002 | 5,000 | - | - | 227 | 5,638 | 10,865 |
| Net profit for the period | - | - | - | - | 8,771 | 8,771 |
| Foreign currency translation | - | - | - | 139 | - | 139 |
| Balance at September 30, 2002 | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>366</u> | <u>14,409</u> | <u>19,775</u> |
| Group (9 months Ended September 2003) | | | | | | |
| Balance at January 1, 2003 | 5,000 | 22 | - | (299) | 17,357 | 22,080 |
| Allotment and issue of new ordinary shares | | | | | | |
| Pursuant to pre-invitation ESOS | 799 | - | 4,201 | - | - | 5,000 |
| Conversion of redeemable preference shares | 823 | - | 174 | - | - | 997 |
| Conversion of redeemable convertible bond | 1,366 | - | 17,634 | - | - | 19,000 |
| Bonus issue | 5,591 | - | - | - | (5,591) | - |
| Public issue | 2,250 | - | 22,050 | - | - | 24,300 |
| IPO expenses | - | - | (1,873) | - | - | (1,873) |
| Net profit for the period | - | - | - | - | 12,827 | 12,827 |
| Foreign currency translation | - | - | - | (420) | - | (420) |
| Balance at September 30, 2003 | <u>15,829</u> | <u>22</u> | <u>42,186</u> | <u>(719)</u> | <u>24,593</u> | <u>81,911</u> |
| Company (9 months Ended September 2002) | | | | | | |
| Balance at January 1, 2002 | 5,000 | - | - | - | 1,983 | 6,983 |
| Net profit for the period | - | - | - | - | 7,800 | 7,800 |
| Balance at September 30, 2002 | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,783</u> | <u>14,783</u> |
| Company (9 months Ended September 2003) | | | | | | |
| Balance at January 1, 2003 | 5,000 | 22 | - | - | 11,252 | 16,274 |
| Allotment and issue of new ordinary shares | | | | | | |
| Pursuant to pre-invitation ESOS | 799 | - | 4,201 | - | - | 5,000 |
| Conversion of redeemable preference shares | 823 | - | 174 | - | - | 997 |
| Conversion of redeemable convertible bond | 1,366 | - | 17,634 | - | - | 19,000 |
| Bonus issue | 5,591 | - | - | - | (5,591) | - |
| Public issue | 2,250 | - | 22,050 | - | - | 24,300 |
| IPO expenses | - | - | (1,873) | - | - | (1,873) |
| Net profit for the period | - | - | - | - | 4,987 | 4,987 |
| Balance at September 30, 2003 | <u>15,829</u> | <u>22</u> | <u>42,186</u> | <u>-</u> | <u>10,648</u> | <u>68,685</u> |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Please refer to note 1(d)(i) for movement in share capital and reserve.

The ACCS Share Option Scheme 2003 (the "Scheme") was approved and adopted by members at Extraordinary General Meeting held on 13 January 2003. On 17 September 2003, pursuant to the terms of the Scheme, 9,420,000 share options were granted to and accepted by employees of the Group. The price at which a participant of the Scheme shall subscribe for each share upon the exercise of an option is S\$0.60 and is determined based on the average closing prices of the shares for each of the last five market days immediately preceding the date of grant of the options ("Date of Grant"). The vesting period of the options commences on the date not earlier than the first anniversary of the Date of Grant and expires on the tenth anniversary of the Date of Grant.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Applied consistently

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

6. Earnings per ordinary share (EPS) of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

| | Q3-03 | Q3-02 | YTD Sep-03 | YTD Sep-02 |
|---|--------------|--------------|-----------------------|-----------------------|
| EPS (based on consolidated net profit attributable to shareholders) | | | | |
| - basic | 0.8 cents | 0.6 cents | 2.1 cents | 1.6 cents |
| - fully diluted | 0.8 cents | 0.6 cents | 2.1 cents | 1.6 cents |

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 609,184,218 (30 September 2002: pre invitation share capital of 543,162,320 shares) of \$0.025 each.

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all dilutive potential ordinary shares of 610,239,774 (30 September 2002: pre invitational share capital of 543,162,320) of \$0.025 each

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

| | Group | | Company | |
|---------------------------------|------------------------|-------------------|------------------------|-------------------|
| | 30-Sep-03 | 31-Dec-02 | 30-Sep-03 | 31-Dec-02 |
| Net Tangible Assets Value (NTA) | | | | |
| per share | <u>10.95 cents</u> | <u>3.33 cents</u> | <u>10.68 cents</u> | <u>4.79 cents</u> |

For comparative purposes, NTA for the Group and the Company have been computed based on the net assets of the Group and the Company less goodwill arising on consolidation and purchase of business.

The NTA per Share as at 30 September 2003 has been calculated based on post invitation share capital of 633,162,320 ordinary shares of \$0.025 each. The NTA per share for 31 December 2002 has been calculated based on the equivalent share capital of 340,000,000 shares which is derived from 5,000,000 ordinary shares of \$1.00 each as at 31 December 2002 and as adjusted for the bonus share issue of 0.7 ordinary share for every one ordinary share of \$1.00 each and the subdivision of one ordinary share of \$1.00 each into 40 Shares each thereon.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Revenue

The increase in revenue for the 9-month period ended 30 September 2003 as compared to the 9-month period ended 30 September 2002 was mainly attributable to an increase in the volume of business, more 3PL activities undertaken and also revenue from the repair management activities. The Group's total network as at 30 September 2003 comprises 160 service centres and 168 repair management centres compared to 82 service centres and 110 repair management centres as at 30 September 2002.

Profit after Income Tax

The Group's profit after income tax for the 9-month period ended 30 September 2003 as compared to the 9-month period ended 30 September 2002 has increased by 45% mainly due to the increase in revenue as explained above. Apart from that, the increase is also due to higher other operating income from royalty, management and corporate advisory fee and foreign currency exchange adjustment gain.

Cash Flows

The net increase in the cash and cash equivalent for the 9-month period ended 30 September 2003 is mainly due to proceeds received from IPO less payments for investments, purchase of business, deposits made for investments and additional capital expenditure resulting from the set-up of new service centres.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No significant variance is expected.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

In the third quarter of 2003, the Group's regional network continued to expand from 145 service centres as at 30 June 2003 (in 93 physical locations) to 160 service centres (in 103 physical locations) as at 30 September 2003.

| | As at 30 September 2003 | As at 30 June 2003 |
|----------------------------------|--------------------------------|---------------------------|
| Brands | 21 | 21 |
| Service Centres | 160 | 145 |
| Repair Management Centres | 168 | 168 |
| Countries/Territories | 14 | 14 |
| Cities | 42 | 40 |
| Staff | 1,126 | 1,075 |

The Group is actively implementing the projects that it had secured to-date, in particular,

- (i) the refurbishment projects that it had clinched in September 2003 with several mobile phone distributors in the region. To-date, the volume handled by the Group for the refurbishment projects is approximately 25,000 units per month for September and October 2003.
- (ii) the venture into the AMS market in India. The Group is finalizing the proposed acquisition of UCom and is working closely with Motorola to set up an AMS network for Motorola's GSM and CDMA mobile phones in India.
- (iii) the expansion of network in Australia. The Group is finalizing the acquisition of Mobilefonerepair.com and is working closely with Nokia to set up a nationwide AMS network in Australia.

The Directors continue to see a trend of consolidation in the fragmented AMS industry in the region and believe that the Group, with its track record and its regional network in 14 countries, is well positioned to benefit from the current trend and remain optimistic of the Group's prospects in the next reporting period.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

| | |
|---------------------|-----|
| Name of Dividend | N/A |
| Dividend Type | |
| Dividend Rate | |
| Par value of shares | |
| Tax Rate | |

(c) Date payable

NA

(d) Books closure date

NA

12. If no dividend has been declared/recommended, a statement to that effect

The directors of the Company do not recommend that an interim dividend be paid.

BY ORDER OF THE BOARD

Woo Kah Wai
Company Secretary
11 November 2003