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EZCOM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS IN RELATION TO GRANTING OF FINANCIAL ASSISTANCE TO A NON WHOLLY OWNED SUBSIDIARY AND RECENT INCREASE IN THE SHARE PRICE OF THE COMPANY AND SUSPENSION AND RESUMPTION OF TRADING

SUMMARY

(A) CONNECTED TRANSACTIONS IN RELATION TO GRANTING OF FINANCIAL ASSISTANCE TO A NON WHOLLY OWNED SUBSIDIARY

The Board announced that on 12 February 2003 the Company entered into (1) the CKD Agreement & Guarantee under which the Company together with its wholly owned subsidiary, Select Right, guarantee the obligations of its 90% owned subsidiary, Ezcom Tech, in the purchase of complete knock down component parts and materials for mobile phone hand sets; (2) the SKD Agreement & Guarantee under which the Company together with its wholly owned subsidiary, Select Right, guarantee the obligations of its 90% owned subsidiary, Ezcom Tech, in the purchase of semi-knock down component parts and materials for mobile phone hand sets; and (3) the Supply Contract under which the Company together with its wholly owned subsidiary, Select Right, guarantee the obligations of its 90% owned subsidiary, Ezcom Tech, in the purchase of mobile phones and related software. Mr. Li, as a 10% shareholder of Ezcom Tech, separately executed letters of guarantee giving guarantee up to 10% of the obligations of Ezcom Tech under each of the CKD Agreement & Guarantee, the SKD Agreement & Guarantee and the Supply Contract.

The above transactions constitute connected transactions of the Company under the Listing Rules by virtue of the fact that Mr. Li, being a substantial shareholder (holding approximately 10% beneficial interest, a non-controlling interest) and a director of, Ezcom Tech, an indirect subsidiary of the Company, is regarded as a connected person. Moreover pursuant to Rule 14.25(2)(b) of the Listing Rules, since a principal purpose of these transactions is the granting of financial assistance by the Company and Mr. Li to Ezcom Tech (a company in which the Company and Mr. Li (a connected person) are both shareholders), upon normal commercial terms and in proportion to the Company's and Mr. Li's equity interest in Ezcom Tech (being 90% and 10% respectively) and the guarantee is given by the Company and its wholly owned subsidiary Select Right and not joint and several with Mr. Li, the Company shall disclose details

of these connected transactions by way of a press notice containing brief details of the transactions to be published in the newspapers as soon as possible thereafter and disclose the details of these connected transactions in the Company's next published annual report and accounts in accordance with the Listing Rules.

(B) RECENT INCREASE IN SHARE PRICE

We have noted the recent increase in the price of the shares of the Company and wish to state that we are not aware of any reasons for such increase save for the proposed capital restructuring, open offer and application for whitewash waiver as disclosed in the Company's announcement dated 29 January 2003 and the connected transactions disclosed herein.

We also confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature save and except the connected transactions disclosed herein.

(C) SUSPENSION AND RESUMPTION OF TRADING OF THE SECURITIES

At the request of the Company, trading in the securities on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 February 2003 pending the release of this announcement. Application has been made by the Company to resume the trading of the securities of the Company with effect from 9:30 a.m. on 19 February 2003.

1. CKD AGREEMENT & GUARANTEE

Date	:	12 February 2003
Buyer	:	Ezcom Tech, a non wholly-owned subsidiary of the Company beneficially owned as to 90% by the Company and 10% by Mr. Li
First Guarantor	:	the Company
Second Guarantor	:	Select Right, a wholly-owned subsidiary of the Company
Seller	:	Nissho Iwai, an Independent Third Party

Sale and Purchase

Pursuant to the terms and conditions in the CKD Agreement & Guarantee, Ezcom Tech agrees to purchase from Nissho Iwai on a deferred payment basis certain complete knock down component parts and materials required for the manufacturing of mobile phone hand sets. There is no fixed purchase amount but the amount of purchase is limited to the extent that there are 2 conditions in the CKD Agreement & Guarantee which authorize Nissho Iwai not to accept any further purchase order from Ezcom Tech if:

- (a) the CKD Facility Amount (with a maximum of JPY5,000,000,000, equivalent to approximately HK\$320,307,000) is exceeded; or
- (b) the Credit Ceiling (JPY6,200,000,000, equivalent to approximately HK\$397,181,000) is exceeded.

The respective amounts of the CKD Facility Amount and the Credit Ceiling were agreed after arm's length negotiations between the parties and were mainly decided by Nissho Iwai, being the Seller, in assessing how much credit risks it was willing to take.

Guaranteed Obligations of the Company

Each of the Company and Select Right, as the parent companies of Ezcom Tech, jointly and severally guarantees to promptly and fully perform all obligations of Ezcom Tech under and in accordance with the CKD Agreement & Guarantee and to make punctual payment on all sums now or subsequently due and payable by Ezcom Tech to Nissho Iwai under or pursuant to the CKD Agreement & Guarantee. However, both the Company's and Select Right's maximum liability in respect of any amount claimed ("**Claimed Amount**") by Nissho Iwai shall be limited to 90% of the Claimed Amount, proportional to the Company's interest in Ezcom Tech.

The Company and Select Right's exposure under the CKD Agreement & Guarantee is limited to the extent that there are 2 conditions in the CKD Agreement & Guarantee which authorize Nissho Iwai not to accept any further purchase order from Ezcom Tech if:

- (a) the CKD Facility Amount (with a maximum of JPY5,000,000,000, equivalent to approximately HK\$320,307,000) is exceeded; or
- (b) the Credit Ceiling (JPY6,200,000,000, equivalent to approximately HK\$397,181,000) is exceeded.

However, pursuant to the terms and conditions in the CKD Agreement & Guarantee, Nissho Iwai may choose to accept further orders from Ezcom Tech even if the CKD Facility Amount and/or the Credit Ceiling is exceeded and in that event, the Company's and Select Right's exposure under the CKD Agreement & Guarantee would increase to the extent of the extra credit risks Nissho Iwai is willing to take then. But since Ezcom Tech is a 90% subsidiary of the Company and hence under the control of the Company, the Company actually can determine the amount of purchase by Ezcom Tech under the CKD Agreement & Guarantee and hence control the extent of the Company's guaranteed obligations therein.

Guaranteed Obligations of Mr. Li

To supplement the CKD Agreement & Guarantee, Mr. Li in his personal capacity on 17 February 2003 executed a letter of guarantee in favour of Nissho Iwai, under which Mr. Li guarantees to promptly and fully perform all obligations of Ezcom Tech under and in accordance with the CKD Agreement & Guarantee and to make punctual payment on all sums now or subsequently due and payable by Ezcom Tech to Nissho Iwai under or pursuant to the CKD Agreement & Guarantee. However, Mr. Li's maximum liability in respect of the Claimed Amount shall be limited to 10% of the Claimed Amount, proportional to Mr. Li's interest in Ezcom Tech.

2. SKD AGREEMENT & GUARANTEE

Date	:	12 February 2003
Buyer	:	Ezcom Tech, a non wholly-owned subsidiary of the Company beneficially owned as to 90% by the Company and 10% by Mr. Li
First Guarantor	:	the Company
Second Guarantor	:	Select Right, a wholly-owned subsidiary of the Company
Seller	:	Nissho Iwai, an Independent Third Party

Sale and Purchase

Pursuant to the terms and conditions in the SKD Agreement & Guarantee, Ezcom Tech agrees to purchase from Nissho Iwai on a deferred payment basis certain semi-knock down component parts and materials required for the manufacturing of mobile phone hand sets. There is no fixed purchase amount but the amount of purchase is limited to the extent that there is a condition in the SKD Agreement & Guarantee which authorizes Nissho Iwai not to accept any further purchase order from Ezcom Tech if the SKD Outstanding Amount exceeds the SKD Monthly Outstanding Amount for the relevant calendar month, with the highest amount being JPY3,500,000,000 (equivalent to approximately HK\$224,215,000).

The respective amounts of the SKD Outstanding Amount and the SKD Monthly Outstanding Amount were agreed after arm's length negotiations between the parties and were mainly decided by Nissho Iwai, being the seller, in assessing how much credit risks it was willing to take.

Guaranteed Obligations of the Company

Each of the Company and Select Right, as the parent companies of Ezcom Tech, jointly and severally guarantees to promptly and fully perform all obligations of Ezcom Tech under and in accordance with the SKD Agreement & Guarantee and to make punctual payment on all sums now or subsequently due and payable by Ezcom Tech to Nissho Iwai under or pursuant to the SKD Agreement & Guarantee. However, both the Company's and Select Right's maximum liability in respect of any amount claimed ("**Claimed Amount**") by Nissho Iwai shall be limited to 90% of the Claimed Amount, proportional to the Company's interest in Ezcom Tech.

The Company's and Select Right's exposure under the SKD Agreement & Guarantee is limited to the extent that there is a condition in the SKD Agreement & Guarantee which authorizes Nissho Iwai not to accept any further purchase order from Ezcom Tech if the SKD Outstanding Amount exceeds the SKD Monthly Outstanding Amount for the relevant calendar month, with the highest amount being JPY3,500,000,000 (equivalent to approximately HK\$224,215,000).

However, pursuant to the terms and conditions in the SKD Agreement & Guarantee, Nissho Iwai may choose to accept further orders from Ezcom Tech even if the SKD Outstanding Amount exceeds the SKD Monthly Outstanding Amount and in that event, the Company's and Select Right's exposure under the SKD Agreement & Guarantee would increase to the extent of the extra credit risks Nissho Iwai is willing to take then. But since Ezcom Tech is a 90% subsidiary of the Company and hence under the control of the Company, the Company actually can determine the amount of purchase by Ezcom Tech under the SKD Agreement & Guarantee and hence control the extent of the Company's guaranteed obligations therein.

Guaranteed Obligations of Mr. Li

To supplement the SKD Agreement & Guarantee, Mr. Li in his personal capacity on 17 February 2003 executed a letter of guarantee in favour of Nissho Iwai, under which Mr. Li guarantees to promptly and fully perform all obligations of Ezcom Tech under and in accordance with the SKD Agreement & Guarantee and to make punctual payment on all sums now or subsequently due and payable by Ezcom Tech to Nissho Iwai under or pursuant to the SKD Agreement & Guarantee. However, Mr. Li's maximum liability in respect of the Claimed Amount shall be limited to 10% of the Claimed Amount, proportional to Mr. Li's interest in Ezcom Tech.

3. SUPPLY CONTRACT

Date	:	12 February 2003
Buyer	:	Ezcom Tech, a non wholly-owned subsidiary of the Company beneficially owned as to 90% by the Company and 10% by Mr. Li
First Guarantor	:	the Company
Second Guarantor	:	Select Right, a wholly-owned subsidiary of the Company
Seller	:	Orix Trade, an Independent Third Party
Head Seller	:	Orix Corporation, an Independent Third Party

Sale and Purchase

Pursuant to the terms and conditions in the Supply Contract, Ezcom Tech agrees to purchase from Orix Trade on a deferred payment basis certain mobile phones and related software. There is no fixed purchase amount but the amount of purchase is limited to the extent that there is a provision in the Supply Contract which states that at no time shall the outstanding transaction balance exceed three billion Japanese yen (JPY3,000,000,000) (equivalent to approximately HK\$192,184,000).

The amount of the maximum outstanding transaction balance was agreed after arm's length negotiations between the parties and was mainly decided by Orix Trade, the seller, in assessing how much credit risks it was willing to take.

It is a condition in the Supply Contract that the equipment to be sold by Orix Trade to Ezcom Tech shall be bought by Orix Corporation from the Manufacturer.

Guaranteed Obligations of the Company

Each of the Company and Select Right, as the parent companies of Ezcom Tech, guarantees as a primary obligor and not as surety merely the payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all indebtedness, liabilities and obligations (the "**Obligations**") of Ezcom Tech to Orix Trade arising out of the Supply Contract. However, both the Company's and Select Right's maximum liability shall be limited to an amount equal to 90% of the Obligations, proportional to the Company's interest in Ezcom Tech.

The Company's and Select Right's exposure under the Supply Contract is limited to the extent that there is a provision in the Supply Contract which states that at no time shall the outstanding transaction balance exceed three billion Japanese yen (JPY3,000,000,000) (equivalent to approximately HK\$192,184,000).

Guaranteed Obligations of Mr. Li

To supplement the Supply Contract, Mr. Li in his personal capacity on 17 February 2003 executed a letter of guarantee in favour of Orix Trade, under which Mr. Li guarantees 10% of the Obligations, proportional to Mr. Li's interest in Ezcom Tech.

REASONS FOR THE FINANCIAL ASSISTANCE

Ezcom Tech is a 90% owned subsidiary of the Company and therefore it is in the commercial interest of the Company to provide financial assistance to it to enable it to carry on its business of trading mobile phones and its parts.

LISTING RULES REQUIREMENT

By virtue of the fact that Mr. Li, a substantial shareholder (holding approximately 10% beneficial interest, a non-controlling interest) and a director of, Ezcom Tech, an indirect subsidiary of the Company, is regarded as connected person of the Company pursuant to the Listing Rules, the Agreements constitute connected transactions for the Company. Moreover pursuant to Rule 14.25(2)(b) of the Listing Rules, since a principal purpose of these transactions is the granting of financial assistance by the Company and Mr. Li to Ezcom Tech (a company in which the Company and Mr. Li (a connected person) are both shareholders), upon normal commercial terms and in proportion to the Company's and Mr. Li's equity interest in Ezcom Tech (being 90% and 10% respectively) and the guarantee is given by the Company and its wholly owned subsidiary Select Right and not joint and several with Mr. Li, the Company shall disclose details of these connected transactions by way of a press notice containing brief details of the transactions to be published in the newspapers as soon as possible thereafter and disclose the details of these connected transactions in the Company's next published annual report and accounts in accordance with the Listing Rules.

INFORMATION ON THE COMPANY

The principal business of the Company is investment holding. Its subsidiaries are principally engaged in (i) the trading of mobile phones, parts and components in Asia; and (ii) manufacturing and trading of office furniture and building materials in Hong Kong. The annual results of the Company for the two financial years ended 30 April 2001 and 2002 recorded loss after taxation of HK\$22,605,000 and HK\$254,633,000 while the unaudited interim report of the Company for the six months ended 31 October 2002 reported a profit after taxation of approximately HK\$26,593,000.

INFORMATION ON SELECT RIGHT

Select Right is a wholly owned subsidiary of the Company. The sole asset of Select Right is a 70% interests in Ezcom Tech.

INFORMATION ON EZCOM TECH

Ezcom Tech, a company incorporated in Hong Kong with limited liability, is an indirect subsidiary owned as to effectively 90% by the Company. Ezcom Tech is principally engaged in the trading of mobile phones and electronic components.

RECENT INCREASE IN SHARE PRICE

We have noted the recent increase in the price of the shares of the Company and wish to state that we are not aware of any reasons for such increase save for the proposed capital restructuring, open offer and application for whitewash waiver as disclosed in the Company's announcement dated 29 January 2003 and the connected transactions disclosed herein.

We also confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature save and except the connected transactions disclosed herein.

SUSPENSION AND RESUMPTION OF TRADING OF THE SECURITIES

At the request of the Company, trading in the securities on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 February 2003 pending the release of this announcement. Application has been made by the Company to resume the trading of the securities of the Company with effect from 9:30 a.m. on 19 February 2003.

DEFINITIONS

“Agreements”	The CKD Agreement & Guarantee, the SKD Agreement & Guarantee and the Supply Contract;
“Board”	The board of directors of the Company;

“CKD Agreement & Guarantee”	the sale and purchase agreement (with guarantee) dated 12 February 2003 made between Nissho Iwai (as seller), Ezcom Tech (as buyer) and the Company and Select Right (as guarantors) in relation to the sale and purchase of complete knock down component, parts and materials required for the manufacturing of mobile phone hand sets;
“CKD Facility Amount”	at any time an amount no greater than JPY5,000,000,000 (equivalent to approximately HK\$320,307,000) less the SKD Outstanding Amount at such time;
“CKD Outstanding Amount”	at any time the aggregate of all transaction amounts in respect of which delivery has been effected, but for which payment has not yet been received by Nissho Iwai, and which shall not in any event exceed the CKD Facility Amount;
“Company”	Ezcom Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange;
“connected person”	as defined in the Listing Rules;
“Credit Ceiling”	at any time an amount no greater than JPY6,200,000,000 (equivalent to approximately HK\$397,181,000) being the aggregate at such time of the SKD Outstanding Amount, the CKD Outstanding Amount and all transaction amounts pursuant to the SKD Agreement & Guarantee and the CKD Agreement & Guarantee for which purchase orders have been accepted by Nissho Iwai but in respect of which delivery has not been effected;
“Directors”	the directors of the Company;
“Ezcom Tech”	Ezcom Technology Limited (formerly known as Scm New Technology Limited), a company incorporated in Hong Kong with limited liability on 3 August 1995 and an indirect subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	party who is independent from and not connected with any of the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates (with the meaning as ascribed to it in the Listing Rules);

“JPY”	Japanese yen;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Manufacturer”	Samsung Electronics Corporation and/or such other person(s) as may be approved by Orix Trade;
“Mr. Li”	Mr. Li Tung Wai, a substantial shareholder (holding approximately 10% beneficial interest, a non-controlling interest) and a director of, Ezcom Tech, an indirect subsidiary of the Company;
“Nissho Iwai”	Nissho Iwai Corporation, a company incorporated and existing under the laws of Japan with its principal office at 3-1, Daiba 2-chome, Minato-ku, Tokyo, Japan;
“Orix Corporation”	a Japanese corporation with its principal office at 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo 105-6135, Japan;
“Orix Trade”	Orix Trade International Corporation, a Japanese corporation with its principal office at 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo 105-6135, Japan;
“Select Right”	Select Right Developments Limited, a company incorporated in the British Virgin Islands with limited liability on 12 June 2001 and a wholly owned subsidiary of the Company;
“Shareholders”	the shareholders of the Company;
“SKD Agreement & Guarantee”	the sale and purchase agreement (with guarantee) dated 12 February 2003 made between Nissho Iwai (as seller), Ezcom Tech (as buyer) and the Company and Select Right (as guarantors) in relation to the sale and purchase of semi-knock down component, parts and materials required for the manufacturing of mobile phone hand sets;
“SKD Monthly Outstanding Amount”	in relation to each of the calendar months the stated amount by which the SKD Outstanding Amount shall not exceed, with the highest amount being JPY3,500,000,000;
“SKD Outstanding Amount”	at any time the aggregate of all transaction amounts in respect of which delivery has been effected but for which payment has not yet been received by Nissho Iwai for goods purchased pursuant to the SKD Agreement & Guarantee;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supply Contract”

the supply contract (with guarantee) dated 12 February 2003 made between Orix Trade (as seller), Ezcom Tech (as buyer), the Company and Select Right (as guarantors) and Orix Corporation (as head seller) in relation to the sale and purchase of mobile phones and related software;

“%”

per cent.

For the purpose of this announcement, amounts denominated in Japanese Yen are translated in Hong Kong dollars as follows: JPY 1,561 = HK\$100.00

By Order of the Board

Kok Kin Hok

Chairman

Hong Kong, 18 February 2003

“Please also refer to the published version of this announcement in China Daily”.