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EZCOM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

DESPATCH OF CIRCULAR

The Circular relating to the Open Offer, Special Deal and the Whitewash Waiver is expected to be despatched to all Shareholders on Tuesday, 25th March, 2003.

On 29th January, 2003 the Company made an announcement (the “Announcement”) of, inter alia, its proposal to make the Open Offer of not less than 509,556,015 Offer Shares at a subscription price of \$0.10 per Offer Share on the basis of an assured allotment of five Offer Shares for every Existing Share held by the Qualifying Shareholders. It made subsequent announcements on 18th February, 2003 and 18th March, 2003 relating to extensions of time for despatch of the Circular. Terms and expressions used in the Announcement have the same meanings when used in this announcement.

The Circular relating to the Open Offer, Special Deal and the Whitewash Waiver is expected to be despatched to all Shareholders on Tuesday, 25th March, 2003. The Circular will contain a letter of advice to the Independent Shareholders from an independent board committee and a letter of advice from the independent financial adviser (the “Independent Financial Adviser”) to the Independent Board Committee. All Shareholders should read the Circular carefully (in particular the letter of advice from the Independent Financial Adviser) before exercising their rights to vote at the SGM. All Shareholders, including Overseas Shareholders, are entitled to vote at the SGM.

Expected Timetable

The expected timetable for the Capital Restructuring and the Open Offer is set out below:–

	2003
	April
Latest time for return of proxy forms for SGM	3:30 p.m., 15
SGM	3:30 p.m., 17
Despatch of Offering Documents	22
Effective time of the Capital Restructuring	9:30 a.m., 22
Last day of dealings in Shares on a cum-entitlement basis	22

Free exchange of existing share certificates for new share certificates commences	22
Temporary counter for trading in Adjusted Shares in board lot of 40 Adjusted Shares (in the form of existing certificates) opens	9:30 a.m., 22
Existing counter for trading in Existing Shares in board lots of 2,000 closes	9:30 a.m., 22
Commencement of dealings in Shares on an ex-entitlement basis	23
Latest time for lodging transfers of Existing Shares in order to qualify for the Open Offer	4:00 p.m., 24
Record Date	29
Register of members closes (both dates inclusive)	25 to 29
Register of members re-opens	30

May

Existing counter for trading in Adjusted Shares in board lots of 2,000 Adjusted Shares re-opens	9:30 a.m., 7
Parallel trading in Adjusted Shares (in the form of new and existing certificates) commences	9:30 a.m., 7
Designated broker starts to stand in the market to provide matching service	9:30 a.m., 7
Latest time for payment and application in Open Offer	4:00 p.m., 7
Latest time for the Underwriter to terminate the Underwriting Agreement	4:00 p.m., 12
Announcement of results of the Open Offer	13
Despatch of refund cheques in respect of unsuccessful applications on or before	14
Despatch of certificates for Offer Shares on or before	14
Dealings in Offer Shares commence	19
Temporary counter for trading in Adjusted Shares in board lots of 40 Adjusted Shares (in the form of existing certificates) closes	4:00 p.m., 29
Designated broker ceases to stand in the market to provide matching service	4:00 p.m., 29
Parallel trading in Adjusted Shares (in the form of new and existing certificates) ends	4:00 p.m., 29

Free exchange of existing share certificates for new share certificates ends 3

Open Offer

The purpose of the Open Offer is to replace debt with equity. The Company plans to use all the net proceeds from the Open Offer amounting to approximately HK\$49 million to repay part of the outstanding Convertible Notes owed by the Company to Mr. Kok, which as at the date of this announcement amount to a total of HK\$113,914,110. The Convertible Notes held by Mr. Kok to be repaid are non-interest bearing. The Directors considered uses for the proceeds of the Open Offer such as working capital purpose and the repayment of interest-bearing loans of the Group and Convertible Notes held by Mr. Li but concluded that repayment of the Convertible Notes held by Mr. Kok was the most desirable use of proceeds. The reason for repaying non interest-bearing loan instead of interest-bearing loans is that the Group is principally engaged in the trading business of which the banks are usually reluctant to offer a facility to trading company due to lack of collateral. The Company has put a lot of effort in improving its creditworthiness and building up commercial relationships with its banks. There is a commercial relationship maintained between the Group and the banks by and during the subsistence of the loans made by these banks. Early repayment could affect this commercial relationship and is not in line with the terms of the facility letters. Owing to the fact that the Directors intend to reduce the Company's overall indebtedness without harming its relationship with the banks, the Company therefore chose to repay the non-interest bearing loan instead of an interest bearing bank loan. These "relationship loans" with the banks are for the purpose of maintaining a good and unbroken credit record.

A reason for repaying the Convertible Notes held by Mr. Kok as opposed to the other Convertible Notes held by Mr. Li is that it is considered generally commercially desirable and in the interest of the Company to reduce its exposure to the single largest creditor of the Company because the death or bankruptcy of an individual creditor may lead to unexpected demands for repayment. Mr. Li confirmed that he has no objection to the proceeds being used to repay the Convertible Notes held by Mr. Kok. The partial repayment of the Convertible Notes held by Mr. Kok in the sum of approximately HK\$49 million will also enable the Company to reduce its gearing from approximately 141.1% to 94.7% thereby strengthening its balance sheet.

The proposed repayment of part of the Convertible Notes held by Mr. Kok from the net proceeds of the Open Offer would constitute a special deal (the "Special Deal") under Rule 25 of the Takeovers Code and is subject to the consent of the Executive. The Company has made an application for the consent of the Executive to the Special Deal and the Executive has indicated that it will grant its consent subject to the approval of the Independent Shareholders at the SGM voting by way of a poll.

Full details of the opinion of the Independent Financial Adviser relating to the Open Offer, Special Deal and Whitewash Waiver and the reasons which have been considered will be set out in the letter of advice from the Independent Financial Adviser contained in the Circular. All Shareholders should read this letter carefully before exercising their rights to vote at the SGM.

Statement of Pro Forma Unaudited Adjusted Consolidated Net Tangible Assets of the Group

The following statement of pro forma unaudited adjusted consolidated net tangible assets of the Group is based on the consolidated net assets of the Group as at 30th April, 2002 and takes into account the effects of certain transactions thereafter and the Open Offer:

	<i>HK\$000</i>
Audited consolidated net assets of the Group as at 30th April, 2002	422,156
Less: Intangible assets of the Group as at 30th April, 2002	(243,577)
Unaudited profit for the six months ended 31st October, 2002	<u>26,593</u>
Unaudited consolidated net tangible assets of the Group immediately prior to the Open Offer	205,202
Add: Estimated net proceeds from the Open Offer	<u>49,000</u>
Pro forma unaudited adjusted consolidated net tangible assets of the Group immediately following the Open Offer	<u>254,202</u>
Unaudited consolidated net tangible assets of the Group per Existing Share immediately prior to the Capital Restructuring becoming effective and prior to the Open Offer (based on 5,095,560,175 Existing Shares in issue as at 21 March 2003)	<u>HK\$0.040</u>
Unaudited consolidated net tangible assets of the Group per Adjusted Share immediately after the Capital Restructuring becomes effective but prior to the Open Offer (based on 101,911,203 Adjusted Shares equivalent to 5,095,560,175 Existing Shares in issue as at 21 March 2003)	<u>HK\$2.014</u>
Pro forma unaudited adjusted consolidated net tangible assets of the Group per Adjusted Share immediately after the Capital Restructuring and the Open Offer become effective (based on 101,911,203 Adjusted Shares equivalent to 5,095,560,175 Existing Shares in issue as at 21 March 2003 plus 509,556,015 Offer Shares to be issued under the Open Offer)	<u>HK\$0.416</u>

By order of the board of
Ezcom Holdings Limited
Kok Kin Hok
Chairman

Hong Kong, 24th March, 2003

All directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in this announcement misleading.

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