

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ezcom Holdings Limited, you should at once hand this prospectus and the accompanying Application Form (as defined herein) to the purchaser or transferee or to the bank, stockbroker or other agents through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this prospectus having attached thereto all documents required to be condensed or attached to it (if any) and a copy of the related Application Form for Offer Shares (as defined herein) have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong and the Securities and Futures Commission in Hong Kong take no responsibility as to the contents of any such document.

No offer of Offer Shares is being made to Overseas Shareholders (as defined herein). No action (including registration under any applicable legislation of any jurisdiction other than Hong Kong) has been taken to permit the offering of the Offer Shares, or the distribution of this prospectus and the related Application Form in any territory other than Hong Kong. Accordingly, no person receiving this prospectus or the related Application Form in any territory other than Hong Kong may treat it as an offer of or invitation to apply for the Offer Shares.

Dealings in the securities of Ezcom Holdings Limited may be settled through CCASS (as defined herein) and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

EZCOM
BRING TECHNOLOGY TO LIFE
EZCOM HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

**OPEN OFFER TO QUALIFYING SHAREHOLDERS ON THE BASIS OF
ASSURED ALLOTMENTS OF FIVE OFFER SHARES
FOR EVERY SHARE HELD
PAYABLE IN FULL ON APPLICATION**

Financial advisers to the Underwriter

 **Baron Capital Limited**

 **道亨證券有限公司**
DaoHeng Securities Ltd.

It should be noted that the Underwriting Agreement (as defined herein) contains certain provisions granting the Underwriter (as defined herein) the right to terminate the Underwriting Agreement by notice in writing given by the Underwriter at any time on or before 4:00 p.m. on the second Business Day following the last day for application and payment for the Offer Shares, if there occurs any force majeure event (as described in the section headed "Termination of the Underwriting Agreement" on page 8 and 9 of this prospectus). If the Underwriter exercises such right, the obligations of the Underwriter under the Underwriting Agreement will cease and the Open Offer (as defined herein) will not proceed.

The latest time for application and payment for the Offer Shares is 4:00 p.m. on 7 May 2003. The procedure for application is set out on page 13 of this prospectus.

It should be noted that the Shares have been dealt in on an ex-Open Offer entitlement basis from 22 April 2003 and there will not be any trading in the rights to apply for Offer Shares. Dealings in the Shares will take place whilst the conditions to which the Open Offer is subject to remain unfulfilled. A person dealing in ex-Open Offer entitlement Shares will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any person contemplating selling or purchasing Shares during such period who is in doubt about his/her position should consult his/her professional adviser.

23 April 2003

CONTENTS

	<i>Page</i>
Expected timetable	ii
Definitions	1
Letter from the Board	
Introduction	4
The Open Offer	5
Business review and future plans of the Group	9
Reasons for the Open Offer and use of proceeds	10
Changes in the shareholding structure of the Company	12
Listing and dealings	12
Procedure for application	13
Additional information	13
Appendix I – Financial information regarding the Group	14
Appendix II – General information	55

EXPECTED TIMETABLE

2003

April

Free exchange of existing share certificates for new share certificates commences	22
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:00 p.m., 23
Record Date	4:10 p.m., 23
Register of members closes (both dates inclusive)	24 to 25
Register of members re-opens	28

May

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

June

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

DEFINITIONS

In this prospectus the following terms are used with the meanings set opposite them:—

“Application Form”	the form of application for the Offer Shares
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the Board of Directors
“Business Day”	a day on which banks are generally open for business for more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Ezcom Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Controlling Shareholder”	Anglo Express Group Limited, a company incorporated in the British Virgin Islands with limited liability whose registered office is at P.O. Box 901, Road Town, Tortola, British Virgin Islands, beneficially wholly-owned by Mr. Kok, a controlling shareholder of the Company, with a direct interest in 33,981,840 Shares representing approximately 33.3% of the existing issued share capital of the Company
“Convertible Notes”	convertible notes issued by the Company with outstanding principal amounts of (i) HK\$76,914,110 owed to Mr. Kok (issued on 28 March 2002 and falls due on 27 March 2004) and (ii) HK\$81,390,593 owed to Mr. Li (issued on 28 March 2002 and falls due on 27 March 2004) and (iii) HK\$37,000,000 owed to Mr. Kok (issued on 8 November 2002 and falls due on 7 November 2004) which are convertible into an aggregate of 39,060,940 Shares at a conversion price of HK\$5.00 representing approximately 38.3% of the existing issued share capital of the Company
“Director(s)”	director(s) of the Company
“Executive”	the meaning attributed to that term in the Takeovers Code
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 April 2003 being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kok”	Mr. Kok Kin Hok, chairman of the Company, beneficially interested in approximately 33.3% of the existing issued share capital of the Company via the Controlling Shareholder and who beneficially wholly owns the Underwriter, who is also the holder of Options and Convertible Notes to subscribe for or convertible into 600,000 and 22,782,822 Shares equivalent to approximately 0.6% and 22.4% of the existing issued share capital of the Company respectively, and who has given an irrevocable undertaking not to exercise such Options and Convertible Notes on or before 31 May 2003
“Mr. Lam”	Mr. Lam Bing Sum, a Director, who is not a Shareholder but is the holder of Options to subscribe for 400,000 Shares equivalent to approximately 0.4% of the existing issued share capital of the Company, who has given an irrevocable undertaking to the Company not to exercise his Options on or before 31 May 2003
“Mr. Li”	Mr. Li Tung Wai, director of a subsidiary of the Company, who is not a Shareholder but is the holder of Options and Convertible Notes to subscribe for or convertible into 400,000 and 16,278,118 Shares equivalent to approximately 0.4% and 16.0% of the existing issued share capital of the Company respectively, who has given an irrevocable undertaking to the Company not to exercise his Options and Convertible Notes on or before 31 May 2003
“Offer Shares”	509,556,015 Shares to be issued under the Open Offer, representing approximately 83.3% of the enlarged issued share capital of the Company
“Offering Documents”	this prospectus and the Application Form
“Open Offer”	the open offer of the Offer Shares at the Subscription Price on the terms of the Offering Documents
“Option(s)”	the share option(s) granted to the employee(s) of the Group under the employee share option schemes of the Company
“Overseas Shareholder(s)”	Shareholder(s) whose names appeared on the register of members of the Company on the Record Date and whose addresses as shown on such register were outside Hong Kong
“PRC”	the People’s Republic of China
“Qualifying Shareholder(s)”	Shareholder(s), other than the Overseas Shareholders, whose names appeared on the register of members of the Company on the Record Date and whose addresses, as shown on the register of members of the Company, were in Hong Kong

DEFINITIONS

“Record Date”	4:10 p.m., 23 April 2003
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company held on 17 April 2003 at which, inter alia, resolutions were duly passed to approve, inter alia, the Whitewash Waiver and the Open Offer
“Share(s)”	the existing share(s) of HK\$0.01 each in the capital of the Company or Unadjusted Share(s), as the context may require
“Shareholder(s)”	the holder(s) of Share(s) or Unadjusted Share(s), as the context may require
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unadjusted Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company before the implementation of the capital restructuring as approved in the SGM
“Underwriter”	All About Investments Limited, a company incorporated in the British Virgin Islands with limited liability whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and which is beneficially wholly owned by Mr. Kok, who is also its sole director
“Underwriting Agreement”	the underwriting agreement dated 29 January 2003 entered into between the Company and the Underwriter in relation to the underwriting and other arrangements in respect of the Open Offer
“Whitewash Waiver”	the waiver under Note 1 to the Dispensations from Rule 26 of the Takeovers Code in respect of the obligation to make a general offer for the issued Shares and outstanding Options and Convertible Notes to subscribe for Shares which might otherwise arise on the Controlling Shareholder and any parties deemed to be acting in concert with it (including the Underwriter) as a result of the Open Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

EZCOM
BRING TECHNOLOGY TO LIFE
EZCOM HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Executive Directors:

Kok Kin Hok (*Chairman*)
Lam Bing Sum
Lian Song Qing

Non-Executive Director:

Hou Ziqiang

Independent Non-Executive Directors:

Dr. Yang Shiqin
Dr. Li Jianhua
Wang Shunian

Registered Office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Principal Place of Business:

Unit 1C & 1D, 14th Floor
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

23 April 2003

To Qualifying Shareholders and, for information only,

Overseas Shareholders and holders of the Options and the Convertible Notes

Dear Sir/Madam,

**OPEN OFFER TO QUALIFYING SHAREHOLDERS ON THE BASIS OF
ASSURED ALLOTMENTS OF FIVE OFFER SHARES
FOR EVERY SHARE HELD
PAYABLE IN FULL ON APPLICATION**

INTRODUCTION

On 29 January 2003, the Company announced the proposals for a capital restructuring, and a proposal to raise upon the capital restructuring becoming effective, approximately HK\$51 million before expenses by way of an open offer on the basis of an assured allotment of five Offer Shares for every Share held by the Qualifying Shareholders.

As at the Latest Practicable Date, Mr. Kok and his concert parties (including the Underwriter) were interested in a total of 1,699,092,000 Unadjusted Shares equivalent to 33,981,840 Shares, representing approximately 33.3% of the issued share capital of the Company.

Immediately upon completion of the Open Offer, Mr. Kok and his concert parties (which include the Underwriter, which is wholly-owned by Mr. Kok) will be interested in between 203,891,040 Shares representing approximately 33.3% (if all Qualifying Shareholders take up their assured allotments of Open Offer Shares in which case no general offer obligation will arise) and 543,537,855 Shares representing approximately 88.9% (if no Open Offer Shares are taken up by anyone other than the Underwriter and its concert parties in which case a general offer obligation will arise) of the enlarged issued share capital of the Company (depending on the level of applications in the Open Offer by the Shareholders). Accordingly, if as a result of its taking up the Offer Shares under the Underwriting Agreement, the Underwriter and its concert parties acquire Shares which

LETTER FROM THE BOARD

increases their aggregate holding of voting rights to 35% or more, the Underwriter and parties acting in concert with it will, in the absence of the Whitewash Waiver, be required under Rule 26 of the Takeovers Code to make a general offer for the Shares, Convertible Notes and Options other than those held by the Underwriter and parties acting in concert with it. The Executive has agreed to waive any obligations of the Underwriter and its concert parties to make a general offer under Rule 26 of the Takeovers Code which might result from the Open Offer.

At the SGM, inter alia, the capital restructuring, the Open Offer, and the Whitewash Waiver were approved.

THE OPEN OFFER

Issue statistics

Basis of the assured allotments under the Open Offer:	Five Offer Shares for every Share held by Qualifying Shareholders as at the Record Date. No Offer Shares will be allotted to Qualifying Shareholders in excess of their assured allotments
Number of Shares in issue:	101,911,203 Shares
Subscription Price:	HK\$0.10 per Offer Share
Number of Offer Shares:	509,556,015 Offer Shares
Number of outstanding Options:	Options convertible into 4,794,480 Shares, representing approximately 4.7% of the Company's existing issued share capital)
Number of outstanding Convertible Notes:	Convertible Notes convertible into 39,060,940 Shares

Qualifying Shareholders will be assured of receiving the number of Offer Shares applied for if application is made for a number of Offer Shares equal to or less than the number in their assured allotments. No applications for Offer Shares in excess of assured allotments will be considered (to the extent of the excess) and no Offer Shares will be allotted to Shareholders in excess of their assured allotments.

Qualifying Shareholders:

The Company is sending the Offering Documents to the Qualifying Shareholders only and this prospectus is being sent to Overseas Shareholders for information only.

The assured allotments of Offer Shares will not be transferable or capable of renunciation and there will not be any trading in assured allotments on the Stock Exchange.

Undertaking by the Controlling Shareholder

As at the Latest Practicable Date, the Controlling Shareholder together with parties acting in concert with it held in aggregate 1,699,092,000 Unadjusted Shares equivalent to 33,981,840 Shares, representing approximately 33.3% of the Company's issued share capital, Options to

LETTER FROM THE BOARD

subscribe for 30,000,000 Unadjusted Shares equivalent to 600,000 Shares representing approximately 0.6% of the Company's existing issued share capital and Convertible Notes to subscribe for in aggregate 1,139,141,100 Unadjusted Shares equivalent to 22,782,822 Shares representing approximately 22.4% of the Company's existing issued share capital. The Controlling Shareholder and Mr. Kok have irrevocably undertaken to the Company that the Shares directly or indirectly and beneficially owned by them will remain directly or indirectly and beneficially owned by them until 31 May 2003 and that they will not exercise such Options or Convertible Notes before such date. The Controlling Shareholder has irrevocably undertaken to the Company not to apply or procure applications for its full assured allotment under the Open Offer, amounting to 169,909,200 Offer Shares.

The Underwriter has agreed to underwrite the Offer Shares, amounting to 509,556,015 Offer Shares on the terms and subject to fulfilment of the conditions set out in the Underwriting Agreement, and to the Underwriting Agreement not being terminated.

Undertaking by Mr. Lam

As at the Latest Practicable Date, there were outstanding Options to subscribe for an aggregate of 239,724,000 Unadjusted Shares equivalent to 4,794,480 Shares (representing approximately 4.7% of the total number of existing issued Shares). Mr. Lam, being a Director and an Option holder, who is entitled to subscribe for 20,000,000 Unadjusted Shares equivalent to 400,000 Shares, has given an irrevocable undertaking to the Company not to exercise his Options on or before 31 May 2003. Mr. Lam did not own any Shares as at the Record Date and cannot apply in the Open Offer.

Undertaking by Mr. Li

As at the Latest Practicable Date, there were outstanding Convertible Notes to subscribe for an aggregate of 1,953,047,000 Unadjusted Shares equivalent to 39,060,940 Shares (representing approximately 38.3% of the existing issued Shares), held by a total of two noteholders. Mr. Li, being a director of a subsidiary of the Company and holder of Options and Convertible Notes to subscribe for or convert into 20,000,000 Unadjusted Shares equivalent to 400,000 Shares and 813,905,930 Unadjusted Shares equivalent to 16,278,118 Shares respectively, has given an irrevocable undertaking to the Company not to exercise or convert his Options and Convertible Note on or before 31 May 2003. Mr. Li did not own any Shares at the Record Date and cannot apply in the Open Offer.

Terms of the Open Offer

Subscription price:

The Subscription Price is HK\$0.10 per Offer Share, payable in full on application.

The Subscription Price payable for an Offer Share under the Open Offer:

- (i) represents a discount of approximately 92% to the closing price of HK\$1.25 per 50 Unadjusted Shares as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (ii) represents a discount of approximately 65.52% to the theoretical ex-entitlements price of approximately HK\$0.29 per Share based on such closing price.

LETTER FROM THE BOARD

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter based on their respective views of the financial position and prospects of the Company and not by reference to any particular criterion.

Status of the Offer Shares

The Offer Shares will on issue rank pari passu in all respects with the Shares. Subscribers of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date on which the Offer Shares are allotted.

Share certificates

Subject to the fulfilment of the conditions of the Open Offer, certificates for the Offer Shares are expected to be posted to successful applicants in the Open Offer at their own risk on or before 14 May 2003.

Rights of Overseas Shareholders

The Offering Documents have not been registered under the applicable securities legislation in any jurisdictions other than Hong Kong and Bermuda. As the Directors are of the view that the offer of Offer Shares to Overseas Shareholders would or might, in the absence of compliance with registration or other special formalities in jurisdictions outside Hong Kong, be unlawful or impracticable, the Company is sending this prospectus to the Overseas Shareholders for their information only but no Application Form is being sent to the Overseas Shareholders. The Overseas Shareholders will not be entitled to take part in the Open Offer.

Fractions of Offer Shares

There will be no assured allotment of fractions of Offer Shares and the fractions of Offer Shares which would otherwise form part of assured allotments (if any) will be taken up by the Underwriter or disregarded.

No application for Offer Shares in excess of assured allotment

Qualifying Shareholders are not entitled to apply for any number of Offer Shares in excess of their assured allotments.

Underwriting Agreement

Date: 29 January 2003

Underwriter: All About Investments Limited

Underwriting commission: nil

As at the Latest Practicable Date, the Underwriter and its associates and parties acting in concert with any of them were interested in a total of 1,699,092,000 Unadjusted Shares equivalent to 33,981,840 Shares, representing approximately 33.3% of the issued share capital of the Company.

LETTER FROM THE BOARD

The Open Offer is fully underwritten by the Underwriter. The Underwriter's ordinary course of business does not include underwriting. The Underwriter does not have any agreement, arrangement or understanding with any other person to transfer any securities it acquires under the Open Offer.

Termination of the Underwriting Agreement

The Underwriter has the right to terminate the Underwriting Agreement in which case the Open Offer will not proceed. That termination right may be exercised by the Underwriter at any time on or before 4:00 p.m. on the second Business Day following the last day for application and payment for the Offer Shares, if there occurs any force majeure event. "Force majeure" for this purpose includes:–

- a. the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- b. the occurrence of any local, national or international event or change (whether or not forming part of series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not ejusdem generis with any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

If, after the last day for application and payment for the Offer Shares but at or prior to 4:00 p.m. on the second Business Day thereof,

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter receives the relevant notification pursuant to the Underwriting Agreement or otherwise becomes aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter, in its reasonable opinion, determines that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or
- (iii) the Company, after any matter or event referred to in the relevant clauses of the Underwriting Agreement has occurred or come to the Underwriter's attention, fails promptly to send out any announcement or circular (after the despatch of the circular relating to the Open Offer or the Offering Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company;

LETTER FROM THE BOARD

the Underwriter shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

Conditions of the Open Offer

The Open Offer was conditional upon certain conditions that have now been satisfied. It is still conditional upon:

- a. the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal, in the Offer Shares; and
- b. the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including provisions regarding force majeure.
- c. compliance with all other requirements under the applicable laws and regulations of Hong Kong and Bermuda.

In the event that these conditions have not been fulfilled on or before 4:00 p.m. on the second Business Day following the last day for application and payment for the Offer Shares, the Underwriting Agreement will lapse and the Open Offer will not proceed.

BUSINESS REVIEW AND FUTURE PLANS OF THE GROUP

The Group is principally engaged in the trading of mobile phones, parts and components in Asia. The Group also operated businesses in the trading of furniture and building materials in Hong Kong. However, the Directors did not expect the business of trading in furniture and building materials to improve and gradually contracted or disposed of the Group's operations in this area in the year 2001 and 2002.

In November 2001 and March 2002, the Group acquired an aggregate 90% interest in Ezcom Technology Limited (formerly known as Scm New Technology Limited), whose businesses are in the trading of mobile phones and distribution of consumer electronic products in the PRC. Furthermore, the acquisition in November 2002 of a 33.98% interest in Ezze Mobile Tech., Inc. which is a Korean-based mobile telecommunications solutions provider has enabled the Group to focus more on its core business of trading of mobile phones, parts and components in the PRC and complemented the Group's vision to become a full-service mobile telecommunications solutions provider. The consideration for the acquisition was HK\$88,000,000 and it was settled by the issue of Convertible Notes in this amount to Mr. Kok. The remuneration payable to and benefits in kind receivable by the Director was not varied as a consequence of the acquisition. For the two years ended 30 April 2001 and 2002, the Group had a total turnover of approximately HK\$752.8 million and HK\$1,480.2 million respectively. As the Group only acquired the business of trading mobile phones, parts and components in November 2001, the total turnover of the Group for the year 2001 consisted only of its office furniture and building materials operations which amounted to approximately HK\$701.3 million and its kitchen cabinets operations which amounted to approximately HK\$51.5 million, representing approximately 93.2% and 6.8% of the total turnover for the year respectively. For the year ended 30 April 2002, the Group recorded a total turnover of approximately HK\$1,480.2 million of which approximately HK\$905.8 million came from its mobile phones, parts and components operations, approximately HK\$489.6 million came from its office furniture and building materials operations and approximately HK\$84.8 million arose out of its

LETTER FROM THE BOARD

kitchen cabinets operations, representing approximately 61.2%, 33.1% and 5.7% of the total turnover for the year respectively. As disclosed in the published unaudited results of the Group for the six months ended 31 October 2002, the total turnover of the Group for that period amounted to approximately HK\$1,577 million which comprised of approximately HK\$1,408 million from its mobile phones operations, approximately HK\$151.2 million from its office furniture operations and approximately HK\$17.8 million from its kitchen cabinets operations, representing approximately 89.3%, 9.6% and 1.1% of the Group's total turnover for the period respectively.

Owing to the poor performance of the office furniture businesses for the year 2001 and 2002, the Directors do not expect there to be any significant improvement in the industry in the near future. The Group's plan in the future is to focus on its main core business in the trading of mobile phones, parts and components.

As the Group gradually contracted or disposed of its operations in the trading of furniture and building materials and focused on the business of trading mobile phones, parts and components, its demand for trade financing in the form of letters of credit from banks increased. The consolidated audited results of the Group show that the total turnover of the Group increased from approximately HK\$753 million for the year ended 30 April 2001 to approximately HK\$1,480 million for the year ended 30 April 2002. As the Group purchases most of its trading stocks by letters of credit, a significant increase in the turnover of the Group has also triggered a significant increase in the demand for trade financing in the form of letters of credit. In view of the anticipated opportunities of further expansion of its business, the Company has put a lot of efforts in improving its creditworthiness and building up commercial relationships with banks. Although interest rates for short term financing are generally higher than those offered in long term finance, the Directors believe that it is commercially prudent for the Group to finance its increasing trading volume with short term trade finance facilities in the form of letters of credit which offer more flexibility in business development.

After the completion of the Open Offer, the Underwriter and its concert parties (including the Controlling Shareholder) intend to continue the existing businesses of the Group and to continue the employment of the employees of the Company and its subsidiaries. The Underwriter and its concert parties (including the Controlling Shareholder) do not intend to introduce any major changes in the Group's business, including any redeployment of its fixed assets.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

In view of the current market conditions and economic climate, the Directors consider that it is prudent to finance the Company's growth with longer term funding, preferably in the form of equity rather than debt. Having regard to the relatively thin trading of the Shares and the level of the Subscription Price, the Directors do not expect there to be any strong or active market in any nil-paid shares which would have been provisionally allotted to Shareholders had the present exercise been a rights issue. In the circumstances and given that raising funds by way of an open offer enables the existing Shareholders to maintain their percentage interests in the same way as would a rights issue, in contrast to, for example, a private placement of Shares which would result in a dilution of existing Shareholders' interests in the Company, the Directors have decided to proceed with the Open Offer and dispense with the additional administrative burden of providing for trading in nil-paid rights. Qualifying Shareholders who do not accept all or part of their entitlements under the Open Offer will suffer a dilution of their shareholdings.

The Open Offer will enable the Company to strengthen its balance sheet by reducing its debt to Mr. Kok from approximately HK\$114 million to approximately HK\$65 million thus reducing exposure to its single largest creditor and ultimate largest shareholder. HK\$158,304,703 principal

LETTER FROM THE BOARD

amount of the non-interest bearing Convertible Notes falls due for payment on 27 March 2004 and HK\$37,000,000 falls due for payment on 7 November 2004 according to their terms but the Company has the right to prepay the Convertible Notes.

The estimated expense of the Open Offer is approximately HK\$2,000,000, which will be borne by the Company. The estimated net proceeds of the Open Offer will be approximately HK\$49 million. The Directors consider that it would be appropriate in the present market conditions for the Company to use all the net proceeds of the Open Offer to repay part of the Convertible Notes held by Mr. Kok. After that repayment of not less than HK\$49 million, certain Convertible Notes will remain in issue, of which approximately HK\$64,914,110 principal amount are owned by Mr. Kok and HK\$81,390,593 are owned by Mr. Li. HK\$81,390,593 principal amount of the Convertible Notes owned by Mr. Li falls due for repayment on 27 March 2004, approximately HK\$27,914,110 principal amount of the Convertible Notes owned by Mr. Kok falls due for repayment on 27 March 2004 and HK\$37,000,000 principal amount falls due for repayment on 7 November 2004, according to their terms. The total amount of debt of the Company will be reduced from approximately HK\$289.6 million (comprising secured trust receipt loans of approximately HK\$45.0 million, bills payable of approximately HK\$29.2 million, secured bank loans of approximately HK\$20.1 million and unsecured Convertible Notes of approximately HK\$195.3 million) as at 31 January 2003 to approximately HK\$240.6 million after completion of the Open Offer and repayment of part of the Convertible Notes held by Mr. Kok. Taking into account the repayment of HK\$51 million of the outstanding amount of the Convertible Notes held by Mr. Kok in January 2003, the gearing ratio of the Group will be reduced from approximately 141% to 94.7%. The shareholders' funds will also increase, from approximately HK\$448.7 million as at 31 October 2002 to approximately HK\$497.7 million after the completion of the Open Offer and repayment of part of the Convertible Notes held by Mr. Kok. In this way the debts of the Company will be reduced and its shareholders' funds will be increased, to the benefit of the Company and its Shareholders.

The Convertible Notes held by Mr. Kok to be repaid are non-interest bearing. The plan to make the Open Offer arose because of the Company's wish to reduce its debt. The Directors considered uses for the proceeds of the Open Offer such as working capital purpose and the repayment of the other Convertible Notes (held by Mr. Li). They concluded that repayment of the Convertible Notes held by Mr. Kok was the most desirable use of proceeds. Their reasons included that Mr. Kok is the single largest creditor (also the ultimate largest shareholder) of the Company and the Directors considered it desirable to reduce the Company's exposure to its single largest creditor in particular when it is an individual as there could be an adverse impact on the Company in the event of the death or bankruptcy of the creditor which will lead to interference by the trustee. The Company might then be forced to deal with a trustee whose duty is to realise the assets of the individual as quickly as possible. In the event of the death of a human creditor, companies will also be faced with moral decisions as the relatives of the deceased may require the repayment of the debt urgently. Mr. Li, the holder of the other Convertible Notes in the amount of HK\$81,390,593, has agreed to the proceeds being used to repay Convertible Notes held by Mr. Kok.

The Company is principally engaged in trading. 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 relationship with the 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. Prepayment of the mortgage would have incurred penalties for the Company. Owing to the fact that the Directors intend to reduce the Company's

LETTER FROM THE BOARD

overall indebtedness without harming its relationship with the banks or incurring penalties, the Company therefore chose to repay the non-interest bearing Convertible Notes 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.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out possible shareholding structures of the Company in the scenarios described below.

	Scenario 1		Scenario 2	
	<i>Shares</i> <i>'000</i>	<i>%</i>	<i>Shares</i> <i>'000</i>	<i>%</i>
Controlling Shareholder and parties in concert	33,981.8	5.6	33,981.8	5.6
Underwriter	169,909.2	27.7	509,556.0	83.3
Subtotal:	203,891.0	33.3	543,537.8	88.9
Public	407,576.2	66.7	67,929.4	11.1
Total:	<u>611,467.2</u>	<u>100.0</u>	<u>611,467.2</u>	<u>100.0</u>

NOTE: FIGURES ROUNDED

Scenario 1 – Immediately after completion of the Open Offer (assuming that applications are made by the Qualifying Shareholders, with the exception of the Controlling Shareholder, for all the Offer Shares pro-rata to their existing shareholding)

Scenario 2 – Immediately after completion of the Open Offer (assuming that no applications are made by the Qualifying Shareholders for any of the Offer Shares)

All percentages shown in the table of shareholdings above are approximate only.

LISTING AND DEALINGS

The shares of the Company are listed on the Stock Exchange.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares. There is no other stock exchange on which any part of the securities of the Company is listed or dealt in on which listing or permission to deal is being or proposed to be sought and no application has been made or is currently proposed to be made for the Shares or for any other securities of the Company to be listed or dealt in on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

There is no arrangement under which future dividends are waived and agreed to be waived.

LETTER FROM THE BOARD

Dealings in Offer Shares registered on the Company's register of members in Hong Kong will be subject to payment of stamp duty in Hong Kong.

It should be noted that Shares have been dealt in on any ex-Open Offer entitlement basis from 22 April 2003 and there will not be any trading in the rights to apply for Offer Shares. Dealings in the Shares will take place whilst the conditions to which the Open Offer is subject remain unfulfilled. A person dealing in ex-Open Offer entitlement Shares will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any person contemplating selling or purchasing Shares during such period who is in doubt should consult his/her professional adviser.

PROCEDURE FOR APPLICATION

An Application Form is enclosed with this prospectus if you are a Qualifying Shareholder, which entitles you to apply for the number of Offer Shares in your assured allotment shown thereon. If you wish to apply for Offer Shares, you must sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application, with the Company's Hong Kong branch share registrar and transfer office, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by no later than 4:00 p.m. on 7 May 2003. All remittance must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "Ezcom Holdings Limited – Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Company's Hong Kong branch share registrar and transfer office by 4:00 p.m. on 7 May 2003 by a Qualifying Shareholder, his/her entitlement to apply under the Open Offer will be deemed to have been declined.

All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Application Form in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholder under the Open Offer will be deemed to have been declined.

If the conditions of the Open Offer are not fulfilled in accordance with the section entitled "Conditions of the Open Offer" in this prospectus, the monies received in respect of acceptances of Offer Shares will be refunded, without interest, by sending a cheque to the Shareholders, to the first-named Shareholder, and crossed "Account Payee Only", through ordinary post at the risk of such person to the address specified in the relevant form on or before 14 May 2003.

ADDITIONAL INFORMATION

Your attention is also drawn to the Appendices to this prospectus.

Yours faithfully,
By order of the Board
Ezcom Holdings Limited
Kok Kin Hok
Chairman

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

1. SHARE CAPITAL

The following are the authorised and issued share capital of the Company prepared as if the Open Offer have been completed:

<i>Authorised:</i>	<i>HK\$</i>
<u>80,000,000,000</u> Shares	<u>800,000,000</u>
<i>Issued and fully paid:</i>	
<u>101,911,203</u> Shares in issue	<u>1,019,112</u>
<u>509,556,015</u> Open Offer Shares	<u>5,095,560</u>
<u>611,467,218</u> Shares in issue upon completion of Open Offer	<u>6,114,672</u>

All the existing issued Shares rank pari passu in all respects including rights to dividends, voting and return of capital.

As at the Latest Practicable Date, there were Convertible Notes issued by the Company with total outstanding principal amount of HK\$195,304,703 which are convertible into an aggregate of 1,953,047,030 Unadjusted Shares equivalent to 39,060,940 Shares, representing approximately 38.3% of the existing issued share capital of the Company and Options which are convertible into 239,724,000 Unadjusted Shares equivalent to 4,794,480 Shares representing approximately 4.7% of the existing issued share capital of the Company.

As at the Latest Practicable Date, other than the Convertible Notes and the Options (as disclosed below and in notes 19 and 22 of notes to the Accounts for the year ended 30 April 2002 in Appendix I), the Company had no outstanding warrants or securities convertible into Shares, and no share or loan capital of the Company was under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares or other derivative in respect of securities of the Company or which carry voting rights in meetings of the Company has been issued or granted or agreed conditionally, or unconditionally to be issued or granted.

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

On 4 November 1992 and 25 February 1999, the Company adopted share option schemes (the “Old Option Schemes”) pursuant to which the Company may grant options to directors and employees of the Group to subscribe for shares in the Company. Each share option entitles the holder to subscribe for one share at a predetermined price. Under the Old Option Schemes, the Company has granted the following outstanding share options to the Directors:

Name	Option grant date	Option period	Number of Shares under options	Subscription price per Share (HK\$)
Kok Kin Hok	31 August 2001	1 September 2001 to 31 August 2005	600,000	5.00
Lam Bing Sun	31 August 2001	1 September 2001 to 31 August 2005	400,000	5.00

On 13 March 2002, the Company adopted a new share option scheme (the “New Option Scheme”) pursuant to the resolutions of the shareholders of the Company and the Old Option Schemes were terminated. No share options have been granted under the New Option Scheme since its adoption and up to the Latest Practicable Date.

No options have been exercised by the Directors since they were granted.

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

2. SUMMARY OF AUDITED CONSOLIDATED RESULTS OF THE GROUP FOR THE THREE YEARS ENDED 30 APRIL 2002

Set out below is a summary of the audited consolidated results of the Group for the three years ended 30 April 2002 extracted from the Group's audited financial statements:

	2002	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,480,218	752,846	758,168
Cost of sales	<u>(1,236,547)</u>	<u>(487,460)</u>	<u>(485,616)</u>
Gross profit	243,671	265,386	272,552
Other revenues	24,052	11,406	7,764
Distribution cost	(153,045)	(198,159)	(212,325)
Administrative expenses	<u>(122,213)</u>	<u>(92,852)</u>	<u>(108,580)</u>
Operating loss	(7,535)	(14,219)	(40,589)
Other losses			
Loss on disposal of subsidiaries	(66,431)	–	–
Loss on disposal of long-term investments	(33,921)	–	–
Impairment losses on leasehold land, land use rights and buildings	(103,270)	–	–
Net loss on writing off subsidiaries on discontinued operations	<u>–</u>	<u>–</u>	<u>(12,423)</u>
Loss before finance costs	(211,157)	(14,219)	(53,012)
Finance costs	<u>(7,224)</u>	<u>(9,610)</u>	<u>(11,866)</u>
Loss before taxation	(218,381)	(23,829)	(64,878)
Taxation (charge)/credit	<u>(12,064)</u>	<u>1,224</u>	<u>453</u>
Loss after taxation	(230,445)	(22,605)	(64,425)
Minority interests	<u>(24,188)</u>	<u>–</u>	<u>437</u>
Loss attributable to shareholders	<u><u>(254,633)</u></u>	<u><u>(22,605)</u></u>	<u><u>(63,988)</u></u>
Loss per share – basic	<u><u>(5.63) cents</u></u>	<u><u>(0.69) cents</u></u>	<u><u>(2.78) cents</u></u>

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

3. Set out below are the audited financial statements of the Group as extracted from the annual report of the Group for the year ended 30 April 2002:

Consolidated Profit and Loss Account

For the year ended 30 April 2002

	<i>Note</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Turnover	2	1,480,218	752,846
Cost of sales		<u>(1,236,547)</u>	<u>(487,460)</u>
Gross profit		243,671	265,386
Other revenues	2	24,052	11,406
Distribution cost		(153,045)	(198,159)
Administrative expenses		<u>(122,213)</u>	<u>(92,852)</u>
Operating loss		(7,535)	(14,219)
Other losses			
Loss on disposal of subsidiaries		(66,431)	–
Loss on disposal of long-term investments		(33,921)	–
Impairment losses on leasehold land, land use rights and buildings	<i>11(c)</i>	<u>(103,270)</u>	<u>–</u>
Loss before finance costs	3	(211,157)	(14,219)
Finance costs	4	<u>(7,224)</u>	<u>(9,610)</u>
Loss before taxation		(218,381)	(23,829)
Taxation (charge)/credit	5	<u>(12,064)</u>	<u>1,224</u>
Loss after taxation		(230,445)	(22,605)
Minority interests		<u>(24,188)</u>	<u>–</u>
Loss attributable to shareholders	6	<u>(254,633)</u>	<u>(22,605)</u>
Loss per share – basic	7	<u>(5.63) cents</u>	<u>(0.69) cents</u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Consolidated Balance Sheet

As at 30 April

	<i>Note</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Goodwill	<i>10</i>	243,577	–
Fixed assets	<i>11</i>	166,990	361,702
Long-term investments	<i>12</i>	–	34,762
Current assets			
Inventories	<i>14</i>	129,464	135,204
Accounts receivable	<i>15</i>	179,800	168,213
Prepayments, deposits and other receivables		25,885	31,625
Due from a related company	<i>16</i>	178,804	–
Tax recoverable		–	888
Pledged bank deposits	<i>21</i>	50,867	6,000
Bank balances and cash	<i>17</i>	113,096	79,762
		<u>677,916</u>	<u>421,692</u>
Current liabilities			
Accounts and bills payable	<i>18</i>	294,308	97,332
Accrued charges and other payables		62,068	98,638
Due to a related company	<i>16</i>	1,553	–
Sales deposits received		14,642	26,292
Tax payable		13,728	787
Current portion of interest-bearing borrowings	<i>21</i>	97,262	60,372
		<u>483,561</u>	<u>283,421</u>
Net current assets		<u>194,355</u>	<u>138,271</u>
Total assets less current liabilities		<u>604,922</u>	<u>534,735</u>
Financed by:			
Share capital	<i>19(a)</i>	509,556	383,156
Reserves	<i>20</i>	(87,370)	149,386
Shareholders' funds		422,186	532,542
Minority interests		17,105	–
Convertible notes	<i>22</i>	158,305	–
Non-current portion of interest-bearing borrowings	<i>21</i>	7,326	2,193
		<u>604,922</u>	<u>534,735</u>

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

Balance Sheet

As at 30 April

	<i>Note</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Investments in subsidiaries	<i>13</i>	504,064	495,414
Current assets			
Prepayments, deposits and other receivables		60,200	454
Bank balances and cash		10,612	1
		70,812	455
Current liabilities			
Accrued charges and other payables		7,728	7
Net current assets		63,084	448
Total assets less current liabilities		567,148	495,862
Financed by:			
Share capital	<i>19(a)</i>	509,556	383,156
Reserves	<i>20</i>	(100,713)	112,706
Shareholders' funds		408,843	495,862
Convertible notes	<i>22</i>	158,305	–
		567,148	495,862

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Consolidated Cash Flow Statement

For the year ended 30 April

	<i>Note</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Net cash inflow from operating activities	23(a)	21,729	64,311
Returns on investments and servicing of finance			
Interest received		1,609	1,966
Interest paid		(5,236)	(8,043)
Interest element of finance leases		(151)	(321)
Bank charges and other borrowing costs		(1,837)	(2,287)
Net cash outflow from returns on investments and servicing of finance		(5,615)	(8,685)
Taxation			
Hong Kong profits tax (paid)/refunded		(4,629)	704
Investing activities			
Purchase of fixed assets		(32,143)	(53,557)
Disposal of fixed assets		4,343	161
Purchase of subsidiaries	23(d)	(126,050)	–
Disposal of subsidiaries	23(c)	64,148	–
Disposal of long-term investments		420	–
Purchase of long-term investments		–	(440)
Repayment of loan by an investee company		421	790
Net cash outflow from investing activities		(88,861)	(53,046)
Net cash (outflow)/inflow before financing		(77,376)	3,284
Financing	23(b)		
Issue of shares, net of expenses		81,664	49,031
New bank loans		79,839	34,417
Repayment of bank loans		(42,772)	(89,010)
Net repayment of trust receipt loans		(7,022)	(10,114)
Payment of capital element of finance leases		(454)	(1,052)
Net cash inflow/(outflow) from financing		111,255	(16,728)
Increase/(decrease) in cash and cash equivalents		33,879	(13,444)
Cash and cash equivalents at the beginning of year		79,217	92,661
Cash and cash equivalents at the end of year		<u>113,096</u>	<u>79,217</u>
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		113,096	79,762
Bank overdrafts		–	(545)
		<u>113,096</u>	<u>79,217</u>

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

Consolidated Statement of Recognised Gains and Losses

For the year ended 30 April

	<i>Note</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Loss for the year	20	(254,633)	(22,605)
Reserves realised upon disposal of subsidiaries	20	<u>(1,018)</u>	<u>–</u>
Total recognised losses		(255,651)	(22,605)
Goodwill previously written off against retained earnings realised upon disposal of subsidiaries	20	<u>18,631</u>	<u>–</u>
		<u><u>(237,020)</u></u>	<u><u>(22,605)</u></u>

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). They have been prepared under the historical cost convention.

In the current year, the Group adopted the following Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2001 and applicable to the Group:

SSAP 9 (revised)	: Events after the balance sheet date
SSAP 14 (revised)	: Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26	: Segment reporting
SSAP 28	: Provisions, contingent liabilities and contingent assets
SSAP 29	: Intangible assets
SSAP 30	: Business combinations
SSAP 31	: Impairment of assets
SSAP 32	: Consolidated financial statements and accounting for investments in subsidiaries

The effect of adopting these new standards is set out in the accounting policies below.

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 30 April. Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half of the voting power, holds more than half of the issued share capital or having the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any unamortised goodwill or goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account and also any related exchange fluctuation reserve and merger reserve on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company’s balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

The balance sheet of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(c) Fixed assets

Construction in progress is stated at cost which comprises cost of land use rights and development costs including attributable interest capitalised during the development period. No depreciation is provided on construction in progress.

Fixed assets other than construction in progress are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Leasehold land and buildings (including land use rights) and leasehold improvements are depreciated over the shorter of the periods of the leases or their expected useful lives to the Group. Other fixed assets (excluding construction in progress) are depreciated at rates sufficient to write off their cost less any accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land, land use rights and buildings	2% to 7%
Leasehold improvements	5% to 50%
Plant and machinery	20%
Furniture, fixtures and office equipment	20%
Motor vehicles and motor launch	30%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that any fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(d) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated in accordance with the policies set out in note 1(c).

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition.

In accordance with SSAP 30, goodwill on acquisitions occurring on or after 1 January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of 10 years.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Goodwill on acquisitions that occurred prior to 1 January 2001 was written off against reserves. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1 January 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the profit and loss account.

Where an indication of impairment exists, the carrying amount of goodwill, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

(f) Investments securities

Investment securities are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(g) Inventories

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realisable value. In general, costs are assigned to items on a first-in first-out basis and are arrived at as follows:

- (i) Raw materials purchased for use in manufacturing process – invoiced price plus freight and insurance charges.
- (ii) Work in progress and finished manufactured goods – cost of direct materials, direct labour and an appropriate proportion of production overheads.
- (iii) Finished goods purchased for resale – invoiced price plus freight and insurance charges.

Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(h) Accounts receivable

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(i) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from the date of investment and bank overdrafts.

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(l) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(m) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from provision of services is recognised when the services are rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Franchise income is recognised when the right to receive payment is established.

(n) Retirement benefit costs

The Group's contributions to defined contribution retirement schemes (including the scheme set up pursuant to the Mandatory Provident Fund Schemes Ordinance) are expensed as incurred. The Group's contribution to the non-mandatory scheme may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(p) Segment reporting

In accordance with the Group's internal financial reporting practices, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of goodwill, fixed assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and bank borrowings. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, reported sales reflect the country in which the customer is located. The analyses of total assets and capital expenditure reflect the location of assets.

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

2. REVENUE, TURNOVER AND SEGMENT INFORMATION

- (a) The Group is principally engaged in the trading of mobile phones, parts and components, manufacturing and trading of office furniture and building materials, together with supply of kitchen cabinets. Revenues recognised during the year are as follows:

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Sale of goods	1,480,218	752,846
Other revenues		
Rendering of services	21,708	8,393
Interest income	1,609	1,966
Franchise income	735	1,047
	24,052	11,406
Total revenues	1,504,270	764,252

- (b) The Group is organised into three main business segments:

- (i) Mobile phones, parts and components – trading of mobile phones, parts and components
- (ii) Office furniture and building materials – manufacturing and trading of office furniture and building materials
- (iii) Kitchen cabinets – supply of kitchen cabinets

There are no sales or other transactions between the business segments.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

(c) Primary reporting format – business segments

	Mobile phones, parts and components 2002 HK\$'000	Office furniture and building materials 2002 HK\$'000	Kitchen cabinets 2002 HK\$'000	Group 2002 HK\$'000
Turnover	<u>905,804</u>	<u>489,643</u>	<u>84,771</u>	<u>1,480,218</u>
Segment results	<u>73,713</u>	<u>(52,425)</u>	<u>(14,830)</u>	6,458
Loss on disposal of subsidiaries				(66,431)
Loss on disposal of long-term investments				(33,921)
Impairment losses on leasehold land, land use rights and buildings				(103,270)
Unallocated costs less revenue				<u>(13,993)</u>
Loss before finance costs				(211,157)
Finance costs				<u>(7,224)</u>
Loss before taxation				(218,381)
Taxation charge				<u>(12,064)</u>
Loss after taxation				(230,445)
Minority interests				<u>(24,188)</u>
Loss attributable to shareholders				<u>(254,633)</u>
Segment assets	759,491	328,992	–	<u>1,088,483</u>
Segment liabilities	276,066	96,505	–	372,571
Unallocated liabilities				<u>276,621</u>
Total liabilities				<u>649,192</u>
Capital expenditure	14,904	16,732	507	32,143
Depreciation	336	24,833	276	25,445
Amortisation	8,289	–	–	8,289
Impairment charge	–	103,270	–	103,270

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

	Office furniture and building materials 2001 HK\$'000	Kitchen cabinets 2001 HK\$'000	Trading of home furniture (note) 2001 HK\$'000	Group 2001 HK\$'000
Turnover	<u>701,319</u>	<u>51,527</u>	<u>–</u>	<u>752,846</u>
Segment results	<u>(9,213)</u>	<u>(11,302)</u>	<u>4,330</u>	(16,185)
Unallocated revenue less costs				<u>1,966</u>
Loss before finance costs				(14,219)
Finance costs				<u>(9,610)</u>
Loss before taxation				(23,829)
Taxation credit				<u>1,224</u>
Loss attributable to shareholders				<u>(22,605)</u>
Segment assets	779,028	38,240	–	817,268
Unallocated assets				<u>888</u>
Total assets				<u>818,156</u>
Segment liabilities	205,835	16,427	–	222,262
Unallocated liabilities				<u>63,352</u>
Total liabilities				<u>285,614</u>
Capital expenditure	55,697	151	–	55,848
Depreciation	21,073	88	–	21,161

Note: The business of trading of home furniture was discontinued in the year ended 30 April 2000. The segment results for the year ended 30 April 2001 represented an insurance claim received by the Group.

(d) Secondary reporting format – geographical segments

	Turnover 2002 HK\$'000	Segment results 2002 HK\$'000	Total assets 2002 HK\$'000	Capital expenditure 2002 HK\$'000
Hong Kong	210,968	(39,512)	759,491	16,793
The People's Republic of China excluding Hong Kong (the "PRC")	1,253,330	42,918	328,992	15,350
Others	<u>15,920</u>	<u>197</u>	<u>–</u>	<u>–</u>
	<u>1,480,218</u>	3,603	<u>1,088,483</u>	<u>32,143</u>
Loss on disposal of subsidiaries		(66,431)		
Loss on disposal of long-term investments		(33,921)		
Impairment losses of leasehold land, land use rights and buildings		(103,270)		
Unallocated costs less revenue		<u>(11,138)</u>		
Loss before finance costs		<u>(211,157)</u>		

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

	Turnover 2001 HK\$'000	Segment results 2001 HK\$'000	Total assets 2001 HK\$'000	Capital expenditure 2001 HK\$'000
Hong Kong	341,336	(13,310)	322,859	5,453
The PRC	390,422	(1,119)	494,409	50,395
Others	21,088	(1,756)	–	–
	<u>752,846</u>	<u>(16,185)</u>	<u>817,268</u>	<u>55,848</u>
Unallocated revenue less costs		<u>1,966</u>		
Loss before finance costs		<u>(14,219)</u>		
Unallocated assets			<u>888</u>	
Total assets			<u>818,156</u>	

3. LOSS BEFORE FINANCE COSTS

- (a) Loss before finance costs is stated after crediting and charging the following:

	Group 2002 HK\$'000	2001 HK\$'000
Crediting		
Net exchange gains	<u>363</u>	<u>–</u>
Charging		
Cost of inventories sold	1,190,756	458,049
Auditors' remuneration	1,253	1,382
Depreciation:		
Owned fixed assets	24,925	20,370
Leased fixed assets	520	791
Staff cost (including directors' remuneration and of which included in cost of sales amounted to HK\$11,035,000 (2001: HK\$12,454,000))	151,068	173,783
Operating lease rentals for land and buildings	19,691	22,490
Amortisation of goodwill	8,289	–
Provision for diminution in value of investment and loan	–	4,410
Provision for doubtful debts	15,138	8,615
Retirement benefit costs (<i>note 8</i>)	2,270	1,191
Net exchange losses	–	585
Loss on disposal of fixed assets	<u>3,712</u>	<u>357</u>

- (b) The contribution to loss before finance costs in the year ended 30 April 2001 in respect of the discontinued operations, which comprised home furniture trading operations in the PRC, is as follows:

	2002 HK\$'000	2001 HK\$'000
Insurance claims received	<u>–</u>	<u>4,330</u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

4. FINANCE COSTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	5,236	8,043
Interest element of finance leases	151	321
Bank charges and other borrowing costs	1,837	2,287
Less: amount capitalised in construction in progress	–	(1,041)
	<u>7,224</u>	<u>9,610</u>

5. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year. No provision for PRC income tax is made as the PRC subsidiaries of the Company have no assessable profit for the year (2001: Nil).

The amount of taxation (charged)/credited to the consolidated profit and loss account represents:

	Group	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong profits tax		
Current year	(12,042)	–
(Under)/over provision in previous years	(22)	770
Deferred taxation	–	454
	<u>(12,064)</u>	<u>1,224</u>

There was no material unprovided deferred taxation for the year.

6. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Included in the Group's loss attributable to shareholders is a loss of HK\$213,683,000 (2001: profit of HK\$11,970,000) which has been dealt with in the accounts of the Company.

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss attributable to shareholders of HK\$254,633,000 (2001: HK\$22,605,000) and the weighted average of 4,522,891,682 (2001: 3,261,740,866) ordinary shares in issue during the year.

No diluted loss per share has been presented for the year ended 30 April 2002 as the exercise of share options and convertible notes would be anti-dilutive.

8. RETIREMENT BENEFIT COSTS

The Group contributes to defined contribution retirement schemes (including the scheme set up pursuant to the Mandatory Provident Fund Schemes Ordinance) which are available to salaried person in the employment in Hong Kong of the Group. Contributions to the schemes by the Group and the employees are calculated as a percentage of the employees' basic salaries.

The retirement benefit scheme cost charged to the profit and loss accounts represents contributions payable by the Group to the funds.

The Group's contributions are reduced by contributions forfeited by those employees who leave the non-mandatory scheme prior to vesting fully in the contributions. Forfeited contributions totalling HK\$839,429 (2001: HK\$762,691) were utilised during the year leaving HK\$nil (2001: HK\$6,615) available at the year end to reduce future contributions.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Contributions totalling HK\$58,250 (2001: HK\$915,914) were payable to the funds at the year end and are included in other payables. The assets of the schemes are held separately from those of the Group in independently administered funds.

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Fees		
Executive directors	–	–
Non-executive directors	–	–
Independent non-executive directors	–	–
For management		
Salaries, allowances and benefits in kind	9,017	11,152
Retirement benefits contributions	210	165
Discretionary bonuses	–	1,032
	<u>9,227</u>	<u>12,349</u>

No directors have waived emoluments in respect of the years ended 30 April 2002 and 2001.

The emoluments of the directors fell within the following bands:

Emolument bands	Number of directors 2002	2001
Nil – HK\$1,000,000	13	3
HK\$1,000,001 – HK\$1,500,000	–	2
HK\$1,500,001 – HK\$2,000,000	2	3
HK\$4,000,001 – HK\$4,500,000	<u>1</u>	<u>1</u>

On 25 April 2002, two former directors of the Company had exercised their share options to subscribe for a total of 48,000,000 ordinary shares of HK\$0.10 each of the Company at an exercise price of HK\$0.1055 per share. The closing market price of the Company's share at the exercise date was HK\$0.155 per share. They resigned as directors of the Company on 8 August 2001.

Details of the outstanding share options held by directors of the Company as at 30 April 2002 are as follows:

Date of grant	Exercise price per share	Options outstanding at 30 April 2002	Exercisable period
31 August 2001	HK\$0.10	50,000,000	1 September 2001 to 31 August 2005
3 January 2000	HK\$0.1055	32,100,000 <i>(note)</i>	3 January 2000 to 2 January 2004
3 July 1997	HK\$0.2619	50,400,000 <i>(note)</i>	3 July 1997 to 2 July 2007

Note: The director holding these options has undertaken that he would not exercise these options.

The closing market price of the Company's shares as at 30 April 2002 was HK\$0.142 per share.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Apart from the aforesaid, no other emoluments have been paid to the directors for the years ended 30 April 2002 and 2001.

No amounts have been paid by the Group to the directors as inducement to join the Group or as compensation for loss of office for the years ended 30 April 2002 and 2001.

(b) Five highest paid individuals

Three individuals (2001: Five) whose emoluments were the highest in the Group for the year were also directors and their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two individuals are as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	3,376	–
Retirement benefits contributions	48	–
	<u>3,424</u>	<u>–</u>

The remuneration of the remaining two (2001: Nil) individuals who are not directors fell within the following bands:

Emolument bands	Number of individuals	
	2002	2001
HK\$1,500,001 – HK\$2,000,000	<u>2</u>	<u>–</u>

10. GOODWILL

	<i>HK\$'000</i>
Cost	
At 1 May 2001	–
Purchase of subsidiaries (<i>note 23(d)</i>)	251,866
	<u>251,866</u>
At 30 April 2002	----- 251,866
Accumulated amortisation	
At 1 May 2001	–
Charge for the year	8,289
	<u>8,289</u>
At 30 April 2002	----- 8,289
Net book value	
At 30 April 2002	<u>243,577</u>
At 30 April 2001	<u>–</u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

11. FIXED ASSETS

	Group						Total HK\$'000
	Leasehold land, land use rights and buildings HK\$'000	Construction in progress HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles and motor launch HK\$'000	
Cost							
At 1 May 2001	327,085	7,334	6,930	73,214	74,150	19,164	507,877
Additions	16,741	-	720	8,905	5,777	-	32,143
Acquisition of subsidiaries	-	-	388	-	484	-	872
Disposals of subsidiaries	(104,029)	-	(5,934)	(1,200)	(18,518)	(15,196)	(144,877)
Transfers	7,334	(7,334)	-	-	-	-	-
Disposals	(8,943)	-	(1,054)	-	(882)	(1,054)	(11,933)
At 30 April 2002	<u>238,188</u>	<u>-</u>	<u>1,050</u>	<u>80,919</u>	<u>61,011</u>	<u>2,914</u>	<u>384,082</u>
Accumulated depreciation and impairment losses							
At 1 May 2001	31,885	-	3,427	38,570	54,937	17,356	146,175
Charge for the year	6,501	-	1,211	11,225	5,969	539	25,445
Disposals of subsidiaries	(21,329)	-	(3,239)	(966)	(14,272)	(14,114)	(53,920)
Impairment losses	103,270	-	-	-	-	-	103,270
Disposals	(1,787)	-	(1,030)	-	(7)	(1,054)	(3,878)
At 30 April 2002	<u>118,540</u>	<u>-</u>	<u>369</u>	<u>48,829</u>	<u>46,627</u>	<u>2,727</u>	<u>217,092</u>
Net book value							
At 30 April 2002	<u>119,648</u>	<u>-</u>	<u>681</u>	<u>32,090</u>	<u>14,384</u>	<u>187</u>	<u>166,990</u>
At 30 April 2001	<u>295,200</u>	<u>7,334</u>	<u>3,503</u>	<u>34,644</u>	<u>19,213</u>	<u>1,808</u>	<u>361,702</u>

- (a) The Group's interests in leasehold land, land use rights and buildings at their net book values are analysed as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
In Hong Kong, held on:		
Leases of over 50 years	13,971	7,008
Leases of between 10 to 50 years	-	80,664
In the PRC, held on:		
Leases of over 50 years	-	3,981
Leases of between 10 to 50 years	105,677	203,547
	<u>119,648</u>	<u>295,200</u>

- (b) At 30 April 2002, the net book value of leasehold land and buildings pledged as security for the Group's bank loan and overdraft facilities amounted to HK\$60,475,000 (2001: HK\$182,488,000) (note 21).

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

- (c) In light of the economic downturn and the sustained loss of the office furniture business, the directors have reviewed the carrying value of the Group's assets and provision for impairment losses of HK\$103,270,000 was made for certain leasehold land, land use rights and buildings held by the Group for its office furniture business in the PRC based on the estimated open market value of these properties as at 30 April 2002.

12. LONG-TERM INVESTMENTS

	Group	
	2002 HK\$'000	2001 HK\$'000
Investment securities: unlisted shares, at cost	–	33,560
Loan to an investee company	–	15,115
	–	48,675
Less: Provision for diminution in value of investment and loan	–	(13,913)
	–	34,762

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost (*)	–	135,857
Amounts due from subsidiaries	542,827	359,557
Amounts due to subsidiaries	(38,763)	–
	504,064	495,414

* The investment cost in unlisted shares amounted to HK\$77 as at 30 April 2002.

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the Company's principal subsidiaries at 30 April 2002 are set out in the table below. The table includes subsidiaries which, in the opinion of the directors, materially affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name	Country/place of establishment/ incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held	
				Direct	Indirect
Lamex China Limited	British Virgin Islands	Investment holding in Hong Kong	1 Ordinary share of US\$ 1 each	100%	–
Dongguan Fort Worth Furniture Company Limited	The PRC	Manufacture and trading of office furniture in PRC	HK\$11,500,000 paid-up capital	–	Note (a)
Dongguan Lamex Furniture Company Limited	The PRC	Property holding, manufacture and trading of office furniture in PRC	HK\$98,000,000 paid-up capital	–	100% Note (b)
Ezcom Management Services Limited (formerly known as Prime East Holdings Limited)	Hong Kong	Provision of administrative services	2 Ordinary shares of HK\$1 each	–	100%
Ezcom Technology Limited	Hong Kong	Trading of mobile phones, parts and components	1,000,000 Ordinary shares of HK\$1 each	–	90%

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Notes:

(a) The subsidiary is a co-operative joint venture between the Group and a PRC party whose respective rights and obligations with respect to the said joint venture are specified in a co-operative joint venture agreements and supplementary agreements. The Group has sole right to manage and operate the joint venture and, after payment of annual fixed fees to a PRC party, is entitled to all profits and is liable for all losses of the joint venture.

(b) The subsidiary is a wholly-owned foreign enterprise.

14. INVENTORIES

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finished goods	87,792	74,955
Raw materials	38,585	57,315
Work in progress	3,087	2,934
	<u>129,464</u>	<u>135,204</u>

At 30 April 2002, all inventories are carried at cost. At 30 April 2001, the carrying amount of inventories that are carried at net realisable value amounted to HK\$2,471,000.

15. ACCOUNTS RECEIVABLE

The Group maintains a defined credit policy. At 30 April 2002, the ageing analysis of the accounts receivable were as follows:

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – 60 days	116,418	121,219
61 – 120 days	49,009	17,635
121 – 180 days	4,467	9,691
181 days and over	9,906	19,668
	<u>179,800</u>	<u>168,213</u>

16. DUE FROM/(TO) A RELATED COMPANY

(a) The amount due from a related company represented trade receivable from China Kejian Corporation Limited, a company in which Mr. Hou Ziqiang and Mr. Kok Kin Hok are the chairman and the managing director respectively. They have significant control on the day to day operations of this company. The amount due is unsecured, interest-free and has a 90 days credit term.

(b) The amount due to a related company represented trade payable to Ezze Mobile Tech Inc., a company in which Mr. Kok Kin Hok and Mr. Lam Bing Sum held an indirect 40% and a direct 8% equity interest respectively as at 30 April 2002. The amount due is unsecured, interest-free and has a 90 days credit term.

17. BANK BALANCES AND CASH

As at 30 April 2002, bank balances and cash of HK\$33,463,000 (2001: HK\$34,408,000) of the Group were denominated in Renminbi and deposited with banks in the PRC. The conversion of these Renminbi denominated balances into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

18. ACCOUNTS AND BILLS PAYABLE

At 30 April 2002, the ageing analysis of the accounts and bills payable were as follows:

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – 60 days	227,698	70,177
61 – 120 days	60,692	22,155
121 – 180 days	3,655	2,727
181 days and over	2,263	2,273
	<u>294,308</u>	<u>97,332</u>

19. SHARE CAPITAL AND OPTIONS

(a) Share capital

	Authorised			
	Ordinary shares of HK\$0.10 each			
	2002		2001	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At the beginning of the year	5,000,000,000	500,000	5,000,000,000	500,000
Increase in authorised ordinary share capital (note (i))	3,000,000,000	300,000	–	–
At the end of the year	<u>8,000,000,000</u>	<u>800,000</u>	<u>5,000,000,000</u>	<u>500,000</u>

	Issued and fully paid			
	Ordinary shares of HK\$0.10 each			
	2002		2001	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At the beginning of the year	3,831,560,175	383,156	2,224,297,450	222,430
Issue of shares (note (ii) & (iii))	1,216,000,000	121,600	1,607,186,725	160,718
Exercise of share options (note 19(b))	48,000,000	4,800	–	–
Exercise of warrants	–	–	76,000	8
At the end of the year	<u>5,095,560,175</u>	<u>509,556</u>	<u>3,831,560,175</u>	<u>383,156</u>

- (i) By a special resolution passed on 6 November 2001, the authorised ordinary share capital of the Company was increased from HK\$500,000,000 to HK\$800,000,000 by the creation of 3,000,000,000 shares of HK\$0.10 each.
- (ii) On 11 September 2001, the Company issued a total 766,000,000 ordinary shares of HK\$0.10 each to independent third parties through share placement at HK\$0.10 per share for cash for general working capital purpose.
- (iii) On 14 November 2001, 450,000,000 shares of ordinary shares of HK\$0.10 each were issued at par as part of consideration for the acquisition of subsidiaries (note 26(a)(i)).

All the new shares issued by the Company during the year rank pari passu with the then existing shares in all respects.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

(b) Share options

A summary of movements in share options granted under the Company's share option schemes adopted on 4 November 1992 and 25 February 1999 (the "Old Option Schemes") is as follows:

Date of grant	Exercise price per share	Options			Options		Exercisable period
		outstanding at 1 May 2001	Granted during the year	Exercised during the year	Lapsed during the year	outstanding at 30 April 2002	
31 August 2001	HK\$0.10	-	120,000,000	-	-	120,000,000	1 September 2001 to 31 August 2005
3 January 2000	HK\$0.1055	206,100,000	-	(48,000,000)	(90,000,000)	68,100,000	3 January 2000 to 2 January 2004
3 July 1997	HK\$0.2619	54,648,000	-	-	(3,312,000)	51,336,000	3 July 1997 to 2 July 2007
13 July 1996	HK\$0.3164	1,368,000	-	-	(1,080,000)	288,000	13 July 1996 to 12 July 2006

The holders of 68,100,000 and 50,400,000 shares of option granted on 3 January 2000 and 3 July 1997 respectively outstanding as at 30 April 2002 have undertaken that they would not exercise their options.

The Old Option Schemes were terminated by the Company on 13 March 2002. Upon the termination, no further options can be granted thereunder but in all other respects, the provisions of the Old Options Schemes shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

A new share option scheme (the "New Option Scheme") was adopted by the Company on 13 March 2002. No options was granted under the New Option Scheme as at 30 April 2002.

20. RESERVES

	Group				
	Share premium <i>HK\$'000</i>	Merger reserve on consolidation <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained earnings/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2000	114,537	1,000	109	135,040	250,686
Bonus shares issued	-	-	-	(76,631)	(76,631)
Share issue expenses	(2,064)	-	-	-	(2,064)
Loss for the year	-	-	-	(22,605)	(22,605)
At 30 April 2001	<u>112,473</u>	<u>1,000</u>	<u>109</u>	<u>35,804</u>	<u>149,386</u>
At 1 May 2001	112,473	1,000	109	35,804	149,386
Premium on issue of shares	264	-	-	-	264
Reserves realised upon disposal of subsidiaries	-	(1,000)	(18)	-	(1,018)
Goodwill previously written off against retained earnings realised upon disposal of subsidiaries	-	-	-	18,631	18,631
Loss for the year	-	-	-	(254,633)	(254,633)
At 30 April 2002	<u>112,737</u>	<u>-</u>	<u>91</u>	<u>(200,198)</u>	<u>(87,370)</u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Company Retained earnings/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2000	114,537	64,817	77	179,431
Bonus shares issued	–	(64,817)	(11,814)	(76,631)
Share issue expenses	(2,064)	–	–	(2,064)
Profit for the year	–	–	11,970	11,970
	<u>112,473</u>	<u>–</u>	<u>233</u>	<u>112,706</u>
At 30 April 2001	<u>112,473</u>	–	233	112,706
At 1 May 2001	112,473	–	233	112,706
Premium on issue of shares	264	–	–	264
Loss for the year	–	–	(213,683)	(213,683)
	<u>112,737</u>	<u>–</u>	<u>(213,450)</u>	<u>(100,713)</u>

21. INTEREST-BEARING BORROWINGS

	Group 2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Bank borrowings:		
Trust receipt loans – secured	41,808	17,059
Bank overdrafts – secured	–	545
Bank loans – secured	62,780	42,617
	<u>104,588</u>	<u>60,221</u>
Obligations under finance leases	–	2,344
	<u>104,588</u>	<u>62,565</u>
Current portion of interest-bearing borrowings	(97,262)	(60,372)
Non-current portion of interest-bearing borrowings	<u>7,326</u>	<u>2,193</u>

The Group's bank loans and overdrafts and other interest-bearing borrowings were repayable as follows:

	Trust receipt loans, bank overdrafts and bank loans		Obligations under finance leases	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Within one year	97,262	59,221	–	1,151
In second year	7,326	1,000	–	999
In the third to fifth year	–	–	–	194
	<u>104,588</u>	<u>60,221</u>	<u>–</u>	<u>2,344</u>

At 30 April 2002, the bank loans and overdrafts were secured by bank deposits of HK\$50,867,000 (2001: HK\$6,000,000) and legal charges on the properties of the Group with an aggregate net book value of HK\$60,475,000 (2001: HK\$182,488,000).

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

22. CONVERTIBLE NOTES – GROUP AND COMPANY

Convertible notes of HK\$76,914,000 and HK\$81,391,000 were issued by the Company as consideration for acquisition of 19% and 20% beneficial interest in Ezcom Technology Limited from Mr. Kok Kin Hok, the Chairman and a shareholder of the Company, and Mr. Li Tung Wai, a director of Ezcom Technology Limited, respectively, on 28 March 2002. The convertible notes are unsecured, interest-free and repayable on or before 27 March 2004.

The noteholders have the right to convert any part of the principal amount of the convertible notes into ordinary issued shares of HK\$0.10 each of the Company at the price of HK\$0.10 each per share, subject to adjustment, at any time on or before the expiry date of the notes.

The shares to be issued upon conversion shall rank pari passu in all respect with all other existing shares in issue at the date of the conversion and be entitled to all dividends and other distributions the record date of which falls on a date or after the date of the conversion.

23. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to net cash inflow from operating activities

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	(218,381)	(23,829)
Interest income	(1,609)	(1,966)
Interest expenses on bank loans and overdrafts	5,236	7,002
Interest element of finance leases	151	321
Bank charges and other borrowing costs	1,837	2,287
Depreciation of owned fixed assets	24,925	20,370
Depreciation of fixed assets held under finance leases	520	791
Amortisation of goodwill	8,289	–
Loss on disposal of fixed assets	3,712	357
Impairment losses on leasehold land, land use rights and buildings	103,270	–
Loss on disposal of subsidiaries	66,431	–
Loss on disposal of long-term investments	33,921	–
Provision for diminution in value in and non-recovery of loan from long-term investments	–	4,410
Decrease in inventories	47,249	10,296
Decrease in accounts receivable	134,916	37,425
(Increase)/decrease in prepayments, deposits and other receivables, due from a related company and pledged bank deposits	(165,163)	15,224
(Decrease)/increase in accounts and bills payable, accrued charges and other payables and due to a related company	(20,079)	3,448
Decrease in sales deposits received	(3,496)	(11,825)
	21,729	64,311
Net cash inflow from operating activities	21,729	64,311

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

(b) Analysis of changes in financing during the year

	Share capital including premium		Obligations under finance leases		Bank loans and trust receipt loans		Convertible notes		Minority interests	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of the year	495,629	336,967	2,344	2,146	59,676	124,383	-	-	-	-
Cash inflow/(outflow) from financing	81,664	49,031	(454)	(1,052)	30,045	(64,707)	-	-	-	-
Minority interests' in share of profits	-	-	-	-	-	-	-	-	24,188	-
Purchase of subsidiaries (note 23(d))	45,000	-	-	-	31,771	-	158,305	-	(7,083)	-
Acquisition of long-term investments	-	33,000	-	-	-	-	-	-	-	-
Bonus shares issued	-	76,631	-	-	-	-	-	-	-	-
Inception of finance leases	-	-	-	1,250	-	-	-	-	-	-
Disposal of subsidiaries (note 23(c))	-	-	(1,890)	-	(16,904)	-	-	-	-	-
At end of the year	<u>622,293</u>	<u>495,629</u>	<u>-</u>	<u>2,344</u>	<u>104,588</u>	<u>59,676</u>	<u>158,305</u>	<u>-</u>	<u>17,105</u>	<u>-</u>

(c) Disposal of subsidiaries

	2002 HK\$'000	2001 HK\$'000
Net assets disposed of		
Fixed asset	90,957	-
Inventories	22,305	-
Pledged bank deposits	6,000	-
Bank balances and cash	3,852	-
Other net current assets	12,498	-
Interest-bearing borrowings	(18,794)	-
	<u>116,818</u>	<u>-</u>
Reserves and goodwill previously written off against retained earnings realised upon disposal of subsidiaries	17,613	-
	<u>134,431</u>	<u>-</u>
Loss on disposal	(66,431)	-
	<u>68,000</u>	<u>-</u>
Satisfied by		
Cash	68,000	-
	<u>68,000</u>	<u>-</u>
Analysis of net inflow in respect of disposal of subsidiaries:		
Cash consideration	68,000	-
Bank balances and cash disposed	(3,852)	-
	<u>64,148</u>	<u>-</u>

The subsidiaries disposed during the year incurred a net cash outflow of HK\$36,877,000 of the Group's net operating cash flow, paid HK\$1,308,000 in respect of the net returns on investments and servicing of finance, received HK\$888,000 in respect of refund of taxation, received an amount of HK\$2,922,000 from investing activities and repaid a net amount of HK\$7,010,000 for financing activities.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

(d) **Purchase of subsidiaries**

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets acquired		
Fixed asset	872	–
Inventories	63,814	–
Pledged bank deposits	29,100	–
Bank balances and cash	28,950	–
Other net current assets	8,391	–
Interest-bearing borrowings	(31,771)	–
Minority interests	7,083	–
	<u>106,439</u>	–
Goodwill	251,866	–
	<u>358,305</u>	–
Satisfied by		
Allotment of shares	45,000	–
Cash	155,000	–
Convertible notes	158,305	–
	<u>358,305</u>	–
Analysis of the net outflow in respect of the purchase of subsidiaries:		
Cash consideration	(155,000)	–
Bank balances and cash acquired	28,950	–
	<u>(126,050)</u>	–

The subsidiaries acquired during the year contributed HK\$60,911,000 of the Group's net operating cash flow, paid HK\$161,000 in respect of the net returns on investments and servicing of finance, paid HK\$5,488,000 in respect of taxation, utilised HK\$14,904,000 for investing activities and obtained HK\$19,711,000 for financing activities.

24. CONTINGENT LIABILITIES

	Group		Company	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bills of exchange discounted with recourse	30,407	–	–	–
Guarantees for bank loans and overdraft of certain subsidiaries (<i>note (a)</i>)	–	–	–	69,457
Guarantees for bank loans and overdraft of certain independent third parties (<i>note (a)</i>)	<u>2,555</u>	<u>–</u>	<u>2,555</u>	<u>–</u>

(a) As at 30 April 2001, the Company has executed guarantees to certain banks for facilities granted to certain subsidiaries totalling approximately HK\$153,098,000. The utilised amount of such facilities as at that date amounted to HK\$69,457,000. During the year ended 30 April 2002, these subsidiaries were disposed of to independent third parties.

As at 30 April 2002, the guarantees issued by the Group and the Company for the banking facilities of those companies amounted to HK\$16,000,000, of which HK\$2,555,000 was utilised. The guarantees were released on 27 June 2002.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

25. COMMITMENTS

(a) Capital commitments for property, plant and equipment

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for	–	6,025
Authorised by the directors but not contracted for	121	67
	121	6,092

The Company had no capital commitments as at 30 April 2002 (2001: Nil).

(b) Commitments under operating leases

As at 30 April 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	(restated)	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	6,955	20,947
Later than one year and not later than five years	5,887	17,094
Later than five years	1,691	–
	14,533	38,041

The Company had no commitments under non-cancellable operating leases at the balance sheet date (2001: Nil).

26. RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, has undertaken the following significant related party transactions during the year:

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Acquisition of subsidiaries from Mr. Kok Kin Hok and Mr. Li Tung Wai	358,305	–
Sales to China Kejian Corporation Limited	481,196	–
Service income from China Kejian Corporation Limited	18,121	–
Purchases from Ezze Mobile Tech Inc.	145,864	–

(a) Acquisition of subsidiaries

- (i) On 14 November 2001, the Company acquired a 73% equity interest in Select Right Development Limited, a company holding 70% equity interest in Ezcom Technology Limited, from Mr. Kok Kin Hok, the Chairman and a substantial shareholder of the Company, for a total consideration of HK\$200,000,000 by way of payments of cash of HK\$155,000,000 and an allotment of 450,000,000 new shares of HK\$0.10 each of the Company.

- (ii) On 28 March 2002, the Company further acquired a 27% equity interest in Select Right Development Limited from Mr. Kok Kin Hok for a total consideration of approximately HK\$76,914,000 by the issue of a convertible note with an aggregate equivalent amount.

The convertible note is unsecured, interest-free and repayable on or before 27 March 2004. The noteholder has the right to convert any part of the principal amount of the convertible note into ordinary issued shares of HK\$0.10 each of the Company at the price of HK\$0.10 each per share, subject to adjustment, at any time on or before the expiry date of the note.

The shares to be issued upon conversion shall rank pari passu in all respect with all other existing shares in issue at the date of the conversion and be entitled to all dividends and other distributions the record date of which falls on a date or after the date of the conversion.

- (iii) On 28 March 2002, the Company acquired two-thirds of the issued share capital of Future Circle Holdings Limited, a company holding 30% equity interest in Ezcom Technology Limited, from Mr. Li Tung Wai, a director of Ezcom Technology Limited, for a consideration of approximately HK\$81,391,000 by the issue of a convertible note with an aggregate equivalent amount.

The convertible note is unsecured, interest-free and repayable on or before 27 March 2004. The noteholder has the right to convert any part of the principal amount of the convertible note into ordinary issued shares of HK\$0.10 each of the Company at the price of HK\$0.10 each per share, subject to adjustment, at any time on or before the expiry date of the note.

The shares to be issued upon conversion shall rank pari passu in all respect with all other existing shares in issue at the date of the conversion and be entitled to all dividends and other distributions the record date of which falls on a date or after the date of the conversion.

- (iv) On 28 March 2002, the Company was granted an option by Mr. Li Tung Wai to purchase the remaining one-third of the issued share capital of Future Circle Holdings Limited. The exercise price for this option is approximately HK\$40,695,000. The price shall be paid and satisfied by the issue of a convertible note of the same amount to Mr. Li Tung Wai. The terms of the convertible note shall be the same as the convertible notes granted to Mr. Kok Kin Hok and Mr. Li Tung Wai as mentioned above.

- (b) China Kejian Corporation Limited is a company in which Mr. Hou Ziqiang and Mr. Kok Kin Hok are the Chairman and the managing director respectively. They have significant control on the day to day operations of this company.
- (c) As at 30 April 2002, Ezze Mobile Tech Inc. is a company in which Mr. Kok Kin Hok and Mr. Lam Bing Sum held an indirect 40% and a direct 8% equity interest respectively.

27. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 5 August 2002.

APPENDIX I	FINANCIAL INFORMATION REGARDING THE GROUP
-------------------	--

4. UNAUDITED INTERIM RESULTS

Set out below is an extract of the financial information of the Group from its interim results announcement for the six months ended 31 October 2002, which were published on 30 January 2003.

Consolidated Profit & Loss Account

	<i>Note</i>	Unaudited	
		Six months ended	
		31 October	
		2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover – Sale of goods	2	1,576,819	342,376
Cost of sales		<u>(1,473,241)</u>	<u>(236,340)</u>
Gross profit		103,578	106,036
Other revenues		3,307	4,293
Distribution costs		(53,648)	(90,103)
Administrative expenses		(48,786)	(54,894)
Gain on disposal of subsidiaries	3	30,337	–
Loss on disposal of a property		<u>–</u>	<u>(2,855)</u>
Operating profit/(loss)	4, 5	34,788	(37,523)
Finance costs	6	<u>(3,039)</u>	<u>(4,306)</u>
Profit/(loss) before taxation		31,749	(41,829)
Taxation	7	<u>(3,616)</u>	<u>–</u>
Profit/(loss) after taxation		28,133	(41,829)
Minority interests		<u>(1,540)</u>	<u>–</u>
Profit/(loss) attributable to shareholders		<u><u>26,593</u></u>	<u><u>(41,829)</u></u>
Earnings/(loss) per share – Basic	8	<u><u>0.52 cent</u></u>	<u><u>(1.03) cents</u></u>

The Group had no other recognised gains and losses except for those included in the Profit and Loss Account. Accordingly, no separate statement of recognised gains and losses is presented.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Consolidated Balance Sheet

	<i>Note</i>	Unaudited 31 October 2002 HK\$'000	Audited 30 April 2002 HK\$'000
Goodwill	9	230,984	243,577
Fixed assets	9	14,895	166,990
Current assets			
Inventories		257,126	129,464
Accounts receivables	10	76,278	179,800
Prepayments, deposits and other receivables		60,518	25,885
Due from related companies	11(a)	322,725	178,804
Pledged bank deposit		59,500	50,867
Bank balances and cash		4,405	113,096
		<u>780,552</u>	<u>677,916</u>
Current liabilities			
Accounts payable and bills payable	12	321,762	294,308
Accrued charges and other payables		16,789	62,068
Due to a related company	11(b)	1,961	1,553
Sales deposits received		–	14,642
Taxation payable		16,556	13,728
Current portion of borrowings	13	37,086	97,262
		<u>394,154</u>	<u>483,561</u>
Net current assets		<u>386,398</u>	<u>194,355</u>
Total assets less current liabilities		<u>632,277</u>	<u>604,922</u>
Financed by:			
Share capital	14	509,556	509,556
Reserves		(60,868)	(87,370)
Shareholders' funds		448,688	422,186
Minority interests		18,645	17,105
Convertible notes		158,305	158,305
Non-current portion of borrowings	13	6,639	7,326
		<u>632,277</u>	<u>604,922</u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Condensed Consolidated Cash Flow Statement

	Unaudited	
	Six months ended	
	31 October	
	2002	2001
	<i>HK\$'000</i>	<i>Restated HK\$'000</i>
Net cash (outflow)/inflow from operating activities	(43,838)	5,258
Net cash outflow from investing activities	(3,990)	(104,655)
Net cash (outflow)/inflow from financing	<u>(60,863)</u>	<u>83,799</u>
Decrease in cash and cash equivalents	(108,691)	(15,598)
Cash and cash equivalents at the beginning of the period	<u>113,096</u>	<u>79,217</u>
Cash and cash equivalents at the end of the period	<u><u>4,405</u></u>	<u><u>63,619</u></u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	4,405	68,443
Bank overdrafts	<u>–</u>	<u>(4,824)</u>
	<u><u>4,405</u></u>	<u><u>63,619</u></u>

Condensed Consolidated Statement of Changes in Equity

	Unaudited					
	Share	Share	Merger	Exchange	Retained	Total
	capital	premium	reserve on	fluctuation	profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>consideration</i>	<i>reserve</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 May 2002	509,556	112,737	–	91	(200,198)	422,186
Disposal of subsidiaries	–	–	–	(91)	–	(91)
Profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>26,593</u>	<u>26,593</u>
At 31 October 2002	<u><u>509,556</u></u>	<u><u>112,737</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>(173,605)</u></u>	<u><u>448,688</u></u>
At 1 May 2001	383,156	112,473	1,000	109	35,804	532,542
Issue of shares	76,600	(768)	–	–	–	75,832
Loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(41,829)</u>	<u>(41,829)</u>
At 31 October 2001	<u><u>459,756</u></u>	<u><u>111,705</u></u>	<u><u>1,000</u></u>	<u><u>109</u></u>	<u><u>(6,025)</u></u>	<u><u>566,545</u></u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

Notes:

1) BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants (the “HKSA”).

These condensed accounts should be read in conjunction with the 2002 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 30 April 2002. The Group has presented its condensed consolidated cash flow statement with effective from 1 May 2002 based on SSAP 15 (revised): “Cash flow statements” issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2002. The comparative figures have been reclassified accordingly. In addition, the following SSAPs issued by the HKSA became effective for accounting periods commencing on or after 1 January 2002 and are applicable to the Group:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 25 (revised):	Interim financial reporting
SSAP 33:	Discontinuing operations
SSAP 34:	Employee benefits

The adoption of the above SSAPs has no material impact on the Group’s prior year accounts.

2) SEGMENTAL INFORMATION

The Group is principally engaged in the trading of mobile phones, parts and components, manufacturing and trading of office furniture and building materials, together with supply of kitchen cabinets. An analysis of the Group’s turnover and results for the period by business segment is as follows:

	Unaudited							
	Six months ended 31 October							
	2002			2001				
	Office Furniture	Kitchen Cabinets	Mobile Phones	Total	Office Furniture	Kitchen Cabinets	Mobile Phones	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By principal activity								
Turnover	151,248	17,767	1,407,804	1,576,819	283,274	59,102	–	342,376
Segment results	(8,238)	(105)	12,157	3,814	(32,509)	(203)	–	(32,712)
Unallocated income/costs								
Bank interest income				637				929
Others				–				(2,885)
Loss on disposal of property				–				(2,855)
Gain on disposal of subsidiaries				30,337				–
Operating profit/(loss)				34,788				(37,523)
Finance costs				(3,039)				(4,306)
Profit/(loss) before taxation				31,749				(41,829)
Taxation				(3,616)				–
Profit/(loss) after taxation				28,133				(41,829)
Minority interests				(1,540)				–
Profit/(loss) attributable to shareholders				26,593				(41,829)

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

	Unaudited			
	Six months ended 31 October			
	Turnover		Operating profit/(loss)	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical location				
Hong Kong	2,878	148,802	(6,876)	(22,370)
The People's Republic of China excluding Hong Kong ("PRC")	1,573,941	181,408	41,664	(15,332)
Overseas	–	12,166	–	179
	<u>1,576,819</u>	<u>342,376</u>	<u>34,788</u>	<u>(37,523)</u>

3) DISCONTINUING OPERATION

The Chairman of the Company has stated in his statement in the annual report of the Group for the financial year ended 30 April 2002 that, in view of the poor performance of the office furniture and kitchen cabinet business and the fact that the market condition is not expected to improve much in the coming years, the Board was considering different solutions to maximize the interests of the shareholders of the Company. During the current period, certain subsidiaries engaged in this business were disposed of to Mr. Kok Kin Hok, the chairman of the Company, for a consideration of HK\$2,000,000, resulting a gain of approximately HK\$30.34 million to the Group.

The remaining carrying amount of total assets and liabilities of the Group related to this business amounted to approximately HK\$79.13 million and HK\$128.26 million respectively, as at 31 October 2002.

4) OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following:

	Unaudited	
	Six months ended	
	31 October	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of goodwill	12,593	–
Cost of inventories sold	1,473,241	218,901
Depreciation:		
Owned fixed assets	10,192	13,537
Leased fixed assets	–	464
	<u>1,492,926</u>	<u>232,902</u>

5) STAFF COSTS

	Unaudited	
	Six months ended	
	31 October	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries	38,947	88,260
Pension costs-defined contribution plan	625	1,273
	<u>39,572</u>	<u>89,533</u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

6) FINANCE COSTS

	Unaudited	
	Six months ended	
	31 October	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	2,964	3,144
Interest element of finance leases	–	137
Bank charges and other borrowing costs	75	1,025
	<u>3,039</u>	<u>4,306</u>

7) TAXATION

	Unaudited	
	Six months ended	
	31 October	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	<u>3,616</u>	<u>–</u>

Hong Kong profits tax has been provided at the rates of 16% on the estimated assessable profit for the period (2001: Nil). No provision for PRC income tax is made as the PRC subsidiaries of the Company have no assessable profit for the period (2001: Nil).

8) EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per share is based on the Group's earnings attributable to shareholders of HK\$26,593,000 (2001 loss: HK\$41,829,000) and the weighted average of 5,095,560,175 shares (2001: 4,043,875,392 shares) in issue during the period.

No diluted earnings/(loss) per share has been presented as the exercise of subscription rights attached to share options of the Company would be anti-dilutive (2001: Nil).

9) CAPITAL EXPENDITURE

	Unaudited	
	Goodwill	Fixed assets
	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 31 October 2002		
Opening net book amount	243,577	166,990
Additions	–	4,506
Disposals	–	(146,409)
Depreciation/amortisation change	(12,593)	(10,192)
Closing net book amount	<u>230,984</u>	<u>14,895</u>

At 31 October 2002, the net book value of leasehold land and buildings pledged as security for the Group's bank loan and overdraft facilities amounted to HK\$13,831,000 (30 April 2002: HK\$60,475,000).

10) ACCOUNTS RECEIVABLE

A defined credit policy is maintained within the Group. The age analysis as at 31 October 2002 is as follows:

	Unaudited	Audited
	31 October 2002	30 April 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–60 days	74,513	116,418
61–120 days	–	49,009
121–180 days	81	4,467
>180 days	1,684	9,906
	<u>76,278</u>	<u>179,800</u>

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

11) DUE FROM/(TO) RELATED COMPANIES

(a)		Unaudited 31 October 2002 <i>HK\$'000</i>	Audited 30 April 2002 <i>HK\$'000</i>
Due from:			
China Kejian Corporation Limited	(i)	167,990	178,804
Lamex China Limited	(ii)	154,735	–
		322,725	178,804

(i) The amount represented trade receivable from China Kejian Corporation Limited, a company in which Mr. Hou Ziqiang and Mr. Kok Kin Hok, directors of the Company, are the chairman and the managing director respectively. They have significant control on the day to day operations of this company. The amount due is unsecured, interest-free and has a 90 days credit term.

(ii) The amount represented loan receivable from Lamex China Limited, a company acquired by Mr. Kok Kin Hok from the Group in October 2002, which is unsecured, interest bearing at 2% over the prime rate from time to time quoted by The Hong Kong and Shanghai Banking Corporation Limited per annum and repayable in August 2003. The maximum balance outstanding during the period amounted to HK\$154,735,000.

(b) The amount due to a related company represented trade payable to Ezze Mobile Tech Inc., a company in which Mr. Kok Kin Hok and Mr. Lam Bing Sum, directors of the Company, held an indirect 33.98% and a direct 6.80% equity interest respectively as at 31 October 2002. The amount due is unsecured, interest-free and has a 90 days credit term.

12) ACCOUNTS PAYABLE AND BILLS PAYABLE

The age analysis as at 31 October 2002 is as follows:

	Unaudited 31 October 2002 <i>HK\$'000</i>	Audited 30 April 2002 <i>HK\$'000</i>
0–60 days	282,238	227,698
61–120 days	38,199	60,692
121–180 days	4	3,655
>180 days	1,321	2,263
	321,762	294,308

13) BORROWINGS

	Unaudited 31 October 2002 <i>HK\$'000</i>	Audited 30 April 2002 <i>HK\$'000</i>
Borrowings – Secured:		
Trust receipt loans	35,731	41,808
Bank loans	7,994	62,780
	43,725	104,588
Current portion of borrowings	(37,086)	(97,262)
Non-current portion of borrowings	6,639	7,326

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

At 31 October 2002, the Group's bank loans and overdrafts were repayable as follows:

	Trust receipts loans, bank overdrafts and bank loans	
	Unaudited	Audited
	31 October 2002	30 April 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	37,086	97,262
In the second year	6,639	7,326
	43,725	104,588
	43,725	104,588

14) SHARE CAPITAL

	No. of Shares	HK\$'000
<i>Authorised:</i>		
8,000,000,000 ordinary shares of HK\$0.10 each at 31 October 2002 and 30 April 2002	8,000,000,000	800,000
<i>Issued and fully paid ordinary shares of HK\$0.10 each:</i>		
At 1 May 2001	3,831,560,175	383,156
Issue of new shares (<i>Note (a) & (b)</i>)	1,216,000,000	121,600
Exercise of Share options	48,000,000	4,800
At 31 October 2002 and 30 April 2002	5,095,560,175	509,556

Note (a): On 11 September 2001, the Company issued a total of 766,000,000 ordinary shares of HK\$0.10 each to independent third parties at HK\$0.10 per share.

(b): On 14 November 2001, 450,000,000 shares of ordinary shares of HK\$0.10 each were issued at par as part of consideration for the acquisition of certain subsidiaries.

15) COMMITMENTS

(a) Capital commitments for property, plant and equipment

	Unaudited	Audited
	31 October 2002	30 April 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised by the directors but not contracted for	–	121
	–	121

(b) Commitments under operating leases

As at 31 October 2002, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Unaudited	Audited
	31 October 2002	30 April 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	711	6,955
In the second to fifth years inclusive	901	5,887
Later than five years	–	1,691
	1,612	14,533

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP

16) CONVERTIBLE NOTES

Convertible notes of HK\$76,914,000 and HK\$81,391,000 were issued by the Company as consideration for acquisition of 19% and 20% beneficial interest in Ezcom Technology Limited from Mr. Kok Kin Hok, the Chairman and a shareholder of the Company, and Mr. Li Tung Wai, a director of Ezcom Technology Limited, respectively, on 28 March 2002. The convertible notes are unsecured, interest-free and repayable on or before 27 March 2004.

The noteholders have the right to convert any part of the principal amount of the convertible notes into ordinary issued shares of HK\$0.10 each of the Company at the price of HK\$0.10 each per share, subject to adjustment, at any time on or before the expiry date of the notes.

The shares to be issued upon conversion shall rank pari passu in all respect with all other existing shares in issue at the date of the conversion and be entitled to all dividends and other distributions the record date of which falls on a date or after the date of the conversion.

17) RELATED PARTY TRANSACTIONS

Saved as disclosed in note 11(a)(ii) above, the Group entered into the following related party transactions during the current period in the normal course of business at terms mutually agreed with the counter parties:

		Unaudited Six months ended 31 October	
	<i>Note</i>	2002 HK\$'000	2001 HK\$'000
Sales to China Kejian Corporation Limited	<i>(a)</i>	1,085,103	–
Service income from China Kejian Corporation Limited	<i>(a)</i>	1,014	–
Purchases from Ezze Mobile Tech. Inc.	<i>(b)</i>	92,800	–
Disposal of subsidiaries to Mr. Kok Kin Hok	<i>3</i>	2,000	–

(a) China Kejian Corporation Limited is a company in which Mr. Hou Ziqiang and Mr. Kok Kin Hok, directors of the Company, are the Chairman and the managing director respectively. They have significant control on the day to day operations of this company.

(b) As at 31 October 2002, Ezze Mobile Tech Inc. was a company in which Mr. Kok Kin Hok and Mr. Lam Bing Sum held an indirect 33.98% and a direct 6.80% equity interest respectively.

18) SUBSEQUENT EVENTS

In November 2002, the Company acquired the entire issued share capital of Global Direction Limited, a company holding 100% equity interest in Scm (Holdings) Limited which in turn held 33.98% equity in Ezze Mobile Tech., Inc. ("Ezze Mobile") from Mr. Kok Kin Hok, the Chairman, for a consideration of approximately HK\$88,000,000 by the issue of a convertible note with an aggregate equivalent amount.

The convertible note is unsecured, interest-free and repayable on or before 7 November 2004. The noteholder has the right to convert any part of the principal amount of the convertible note into ordinary issued shares of HK\$0.10 each of the Company at the price of HK\$0.10 each per share, subject to adjustment, at any time on or before the expiry date of the note.

The shares to be issued upon conversion shall rank pari passu in all respect with all other existing shares in issue at the date of the conversion and be entitled to all dividends and other distributions the record date of which falls on a date or after the date of the conversion.

5. MATERIAL CHANGES

The Directors are not aware of any material change in the financial or trading position or prospects of the Group since 30 April 2002, the date to which the latest audited financial statements of the Company was made up.

6. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2003, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had aggregate borrowings of approximately HK\$280.0 million, comprising secured trust receipt loans of approximately HK\$65.9 million, secured bank loans of approximately HK\$18.8 million and unsecured Convertible Notes of approximately HK\$195.3 million.

The Group's trust receipt loans and bank loans are secured by the followings:

- (a) fixed charges on bank deposits of approximately HK\$59.6 million;
- (b) fixed charges on certain properties of the Group with net book value of approximately HK\$13.7 million;
- (c) personal guarantees from Mr. Kok and Mr. Li; and
- (d) corporate guarantees by the Company and certain of its subsidiaries.

Convertible Notes of approximately HK\$113.9 million and HK\$81.4 million were issued by the Company to Mr. Kok and Mr. Li respectively. An amount of HK\$158.3 million of these Convertible Notes is repayable on or before 27 March 2004 and the remaining balance of approximately HK\$37 million is repayable on or before 7 November 2004. The noteholders have the right to convert any part of the principal amount of the Convertible Notes into Shares of the Company at the price of HK\$0.10 each as at 28 February 2003, being the latest practicable date for the purpose of this indebtedness statement, subject to further adjustments upon the capital restructuring and the Open Offer, at any time on or before the expiry date of the Convertible Notes.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding at the close of business on 28 February 2003.

7. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the banking facilities available to it, internally generated funds and the estimated net proceeds from the Open Offer, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements.

APPENDIX I FINANCIAL INFORMATION REGARDING THE GROUP
--

8. 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 audited consolidated net assets of the Group as at 30 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 30 April 2002	422,186
<i>Less:</i> Intangible assets of the Group as at 30 April 2002	(243,577)
Unaudited profit for the six months ended 31 October 2002	<u>26,593</u>
Unaudited consolidated net tangible assets of the Group immediately prior to the Open Offer	205,202
<i>Add:</i> 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><u>254,202</u></u>
Unaudited consolidated net tangible assets of the Group per Unadjusted Share prior to the Open Offer (based on 5,095,560,175 Unadjusted Shares in issue as at the Latest Practicable Date)	<u><u>HK\$0.040</u></u>
Unaudited consolidated net tangible assets of the Group per Share prior to the Open Offer (based on 101,911,203 Shares equivalent to 5,095,560,175 Unadjusted Shares in issue as at the Latest Practicable Date)	<u><u>HK\$2.014</u></u>
Pro forma unaudited adjusted consolidated net tangible assets of the Group per Share immediately after the Open Offer (based on 101,911,203 Shares equivalent to 5,095,560,175 Unadjusted Shares in issue as at the Latest Practicable Date, plus 509,556,015 Offer Shares to be issued in the Open Offer)	<u><u>HK\$0.416</u></u>

1. RESPONSIBILITY

- (a) This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors of the Company

As at the Latest Practicable Date, the interests and short positions of Directors (including their spouses, minor children, related trusts and companies controlled by them) in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which require notification pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director is taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, were as follows:

The Company

Interests in Shares, underlying shares and debentures of the Company

Name of Director	Number of Shares held and nature of interest					Total
	Personal Interest	Family Interests	Short position	Other Interests		
Mr. Kok	1,169,141,100 Unadjusted Shares (Note 1)	–	–	1,699,092,000 Unadjusted Shares and 509,556,015 Offer Shares (Note 2)	2,868,233,100 Unadjusted Shares and 509,556,015 Offer Shares	
	–	–	Short position in 2,192,771,030 Unadjusted Shares (Note 3)	–	Short position in 2,192,771,030 Unadjusted Shares (Note 3)	
Lian Song Qing	20,000,000 Unadjusted Shares (Note 4)	–	–	–	20,000,000 Unadjusted Shares (Note 4)	
Lam Bing Sum	20,000,000 Unadjusted Shares (Note 5)	–	–	–	20,000,000 Unadjusted Shares (Note 5)	

- Note 1:* 30,000,000 of these Unadjusted Shares represent Mr. Kok's interests in the Options and 1,139,141,100 Unadjusted Shares represent his interests in the Convertible Notes.
- Note 2:* 1,699,092,000 Unadjusted Shares are beneficially owned by the Controlling Shareholder and 509,556,015 Offer Shares represent the Underwriter's interest in the unissued share capital of the Company by virtue of the Underwriting Agreement.
- Note 3:* By virtue of the Controlling Shareholder's interest in more than one-third of the total number of issued Unadjusted Shares and Mr. Kok's interest in the Controlling Shareholder, Mr. Kok is deemed to have an interest in the Company's short position in 239,724,000 and 1,953,047,030 Unadjusted Shares, being the total outstanding Options and Convertible Notes of the Company.
- Note 4:* Mr. Lian Song Qing is personally interested in 20,000,000 Unadjusted Shares.
- Note 5:* Mr. Lam Bing Sum is personally interested in 20,000,000 Unadjusted Shares by virtue of his Options.

Unless otherwise specified, the above are all long positions of the relevant Director in the Company.

Associated corporation

Interests in Ezze Mobile Tech., Inc. (in which the Company has 33.98% indirect interest)

Name of Director	Number of ordinary shares held in the ordinary share Capital of Ezcom Mobile Tech., Inc.			Total
	Personal Interest	Family Interests	Other Interests	
Lam Bing Sum	352,000	–	–	352,000

The above are all long positions of the relevant Director in the associated corporation.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors (including their spouses, minor children, related trusts and companies controlled by them) had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which require notification pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director is taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

(ii) Substantial Shareholder

As at the Latest Practicable Date, so far as is known to the Directors, the following person (other than a Director) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options in respect of such capital:

Name of substantial shareholder	<i>Note</i>	Interests	%
All About Investments Limited	A	509,556,015 Offer Shares	83.3% of the enlarged issued share capital after the Open Offer
Anglo Express Group Limited	B	1,699,092,000 Unadjusted Shares	33.3% of the issued share capital as at the Latest Practicable Date
Anglo Express Group Limited	C	Short position in 2,192,771,030 Unadjusted Shares	7.2% of the enlarged issued share capital after the Open Offer

Note A: By virtue of the Underwriting Agreement, All About Investments Limited is interested in the unissued share capital of the Company.

Note B: Anglo Express Group Limited is beneficially wholly-owned by Mr. Kok.

Note C: by virtue of its interests in more than one-third of the total number of issued Unadjusted Shares, Anglo Express Group Limited is deemed to have an interest in the Company's short position in all the outstanding Options and Convertible Notes.

Unless otherwise specified, the above are all long positions of the relevant persons in the Company.

Save as disclosed in paragraph 1(i) of Appendix II of this prospectus, as at the Latest Practicable Date, so far as is known to the Directors, no person had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options in respect of such capital.

3. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contracts with any member of the Group which is not expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was a party to any legal proceedings or claim which are of material importance. The Directors do not know of any legal proceedings or claims pending or threatened against the Company or any other member of the Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) the placing agreement dated 31 August 2001 made between the Company as the issuer and Dao Heng Securities Limited as the placing agent in respect of the placing of 766,000,000 shares at the price of HK\$0.10 per share;
- (b) the sale and purchase agreement dated 17 September 2001 made between the Company as the purchaser and Mr. Kok as the vendor in respect of the acquisition of 73% equity interests in Select Right Developments Limited;
- (c) the agreement for the sale and purchase of shares dated 22 November 2001 between the Company as the vendor and Dynamic Fortune Group Limited as the purchaser in respect of the entire share capital of South Horizon Inc.;
- (d) the sale and purchase agreement dated 4 February 2002 made between the Company as the purchaser and Mr. Kok as the vendor in respect of the acquisition of 27% equity interests in Select Right Developments Limited;
- (e) the sale and purchase agreement dated 4 February 2002 made between the Company as the purchaser and Mr. Li as the vendor in respect of the acquisition of two-third of the entire issued share capital of Future Circle Holdings Limited;
- (f) the option agreement dated 4 February 2002 made between the Company as the grantee and Mr. Li as the grantor in respect of the grant of an option to the Company to purchase Mr. Li's one share in Future Circle Holdings Limited;
- (g) the agreement for sale and purchase of share dated 16 April 2002 made between Jabat Investments Limited as the vendor and Total Profit Group Limited as the purchaser in respect of the disposal of the entire share capital of Hawkweed Investments Limited;
- (h) the agreement for sale and purchase of share dated 16 April 2002 made between Jabat Investments Limited as the vendor and Total Profit Group Limited as the purchaser in respect of the disposal of the entire share capital of Flash Hope Limited;

- (i) the agreement for sale and purchase of shares dated 19 April 2002 made between Rising Top Limited as the vendor and Hopping Technology Limited as the purchaser in respect of the disposal of 16.5% of the entire share capital of iD Innovation Limited;
- (j) the agreement for sale and purchase of shares dated 30 April 2002 made between the Company as the vendor and Pure Element Holding Limited as the purchaser in respect of the disposal of the entire share capital of High Citadel Inc.;
- (k) the share sale and purchase agreement dated 19 August 2002 made between the Company as the vendor and Mr. Kok as the purchaser in respect of the disposal of Lamex China Limited and a related loan;
- (l) the share sale and purchase agreement dated 18 September 2002 and the supplemental agreement dated 20 September 2002 made between the Company as the purchaser and Mr. Kok as the vendor in respect of the acquisition of the entire share capital of Global Direction Limited; and
- (m) the underwriting agreement dated 29 January 2003 between the Company and All About Investments Limited in respect of the underwriting of the Offer Shares.

6. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Principal place of business in Hong Kong	Unit 1C & 1D 14th Floor, Tower 2 Admiralty Centre 18 Harcourt Road Hong Kong
Underwriter	All About Investments Limited P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
Financial advisers to the Underwriter	Baron Capital Limited 4th Floor Aon China Building 29 Queen's Road Central Central Hong Kong
	Dao Heng Securities Limited 12th Floor The Center 99 Queen's Road Central Central Hong Kong

Legal advisers to the Company

As to Hong Kong Law
Richards Butler
20th Floor, Alexandra House
16-20 Chater Road
Hong Kong

As to Bermuda Law
Conyers Dill & Pearman, Hong Kong
2901, One Exchange Square
8 Connaught Place
Central
Hong Kong

Auditors

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Principal bankers

Nanyang Commercial Bank Ltd
Ground Floor
474 Hennessy Road
Hong Kong

Standard Chartered Bank
23/F Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Branch share registrar

Abacus Share Registrars Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Company secretary

Cheung Kwok Yu

Authorised representatives

Lam Bing Sum
Cheung Kwok Yu

7. PARTICULARS OF DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Kok Kin Hok	Room 201, 10 Fuxing Road, Futian, Shenzhen, China	Chinese
Lam Bing Sum	Flat F, 19/F, Yiu Shing Mansion, Tai Koo Shing, Hong Kong	Chinese
Lian Song Qing	Flat C, 11/F, Block 9 Park Island, Ma Wan, New Territories, Hong Kong	Chinese
<i>Non-executive Directors</i>		
Hou Ziqiang	801, Building 811, Zhong Guan Village, Beijing, China	Chinese
<i>Independent non-executive Directors</i>		
Dr. Li Jianhua	333-1-601, Zhong Guan Village, Beijing, China	Chinese
Dr. Yang Shiqin	92 West Dazhi Street, Harbin, China	Chinese
Wang Shunian	2031, Building 2, Yard 101, Si Dao Road, Hai Dian Section, Beijing, China	Chinese

8. BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Kok Kin Hok, aged 40, appointed as Chairman of the Company on 8 August 2001. Mr. Kok has general management experience in various positions managing electronics/technology companies in the PRC. Mr. Kok graduated from the Jiao Tong University in Xian with an Engineering degree in wireless communication.

Mr. Lam Bing Sum, aged 35, appointed as Director of the Company on 8 August 2001. Mr. Lam has experience in the sales and marketing of electronics products in the PRC. Mr. Lam holds a Bachelor of Science degree from the University of South Alabama in the United States.

Mr. Lian Song Qing (“Mr. Lian”), aged 34, appointed as Director of the Company on 6 March 2002. Mr. Lian is responsible for the trade finance and investment management in the PRC of the Group. Mr. Lian has experience in trading and investment management. Mr. Lian holds a MBA degree from Murdoch University of Australia, a LLB degree from Renmin University of China and also a bachelor of arts degree from Anhui Normal University.

Non-executive Directors

Mr. Hou Ziqiang (“Mr. Hou”), aged 65, appointed as Director of the Company on 8 August 2001. In 1986, Mr. Hou worked in the Academy of Science of China as a researcher specializing in electronics and acoustics and was gradually promoted. Mr. Hou graduated from Beijing University with a degree in Physics specialising in digital signal processing. He is also the chief technology consultant to China Netcom Limited.

Independent non-executive Directors

Dr. Li Jianhua (“Dr. Li”), aged 39, appointed as Director of the Company on 8 August 2001. Dr. Li is a researcher at the DSP Centre, Acoustics Institute at the Academy of Science of China. Dr. Li has a Doctor’s degree from the Acoustics Institute of the Academy of Science of China, a Master’s degree from Tsinghua University and a Bachelor’s degree from the University of Defense and Technology.

Dr. Yang Shiqin (“Dr. Yang”), aged 64, appointed as Director of the Company on 8 August 2001. Dr. Yang is the Vice Chancellor of Harbin Industrial University, a position he has held since 1985. Dr. Yang graduated from and has been working at the Harbin Industrial University since 1961.

Mr. Wang Shunian (“Mr. Wang”), aged 40, appointed as Director of the Company on 8 August 2001. Mr. Wang is the Assistant to the General Manager and Officer of the High Tech Project Department at the China International Engineering Consulting Corp. (CIECC). Mr. Wang obtained his Master’s degree in Industrial Studies from the Beijing Institute of Technology in 1988.

Senior Management

Mr. Li Tung Wai, aged 39, is a director of Ezcom Technology Limited. Mr. Li is in charge of the overall management and operation of mobile phone business of the Group. Mr. Li has experience in corporate management and China trade. He has a diploma in business administration from Hunan Workers’ University of No. 2 Light Industry.

Mr. Cheung Kwok Yu (“Mr. Cheung”), aged 33, Company Secretary of the Company. Mr. Cheung has over 10 years of experience with international accounting and law firms and listed companies in strategic investment, accounting, legal, corporate finance and M&A. Mr. Cheung is a CFA charterholder and a professional accountant in Hong Kong, and is also qualified as a solicitor in Hong Kong. He has a Master degree in Applied Finance from Macquarie University in Sydney and a Bachelor of Arts degree in Accountancy from Hong Kong Polytechnic University. He joined the Group in August 2001.

9. LEGAL EFFECT

This prospectus and the Application Form and all applications pursuant to such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies Ordinance, so far as applicable.

10. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this prospectus and of the Application Form have been delivered to and registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance.

11. GENERAL

A. Save as disclosed in this prospectus:

- (i) since 30 April 2002, the date to which the latest published audited accounts of the Group were made up, none of the Directors has or has had any interest, either directly or indirectly, in any assets which have been acquired by, disposed of or leased to or which are proposed to be acquired by, disposed of or leased to the Company or any of its subsidiaries; and
- (ii) no Director is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.

B. The English texts of this prospectus and the accompanying Application Form shall prevail over their respective Chinese texts.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the offices of Richards Butler at 20th Floor Alexandra House, 16-20 Chater Road, Central, Hong Kong, from the date of this prospectus up to and including 7 May 2003.

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for the two financial years ended 30 April 2002;
- (iii) the interim report of the Company for the six months ended 31 October 2002;
- (iv) all material contracts referred to under the section headed "Material Contracts" in this Appendix;
- (v) undertakings by the Controlling Shareholder, Mr. Kok, Mr. Lam and Mr. Li as referred to on pages 5 and 6 of this prospectus;

- (vi) a circular dated 6 September 2002 relating to a connected transaction in relation to the disposal of a wholly-owned subsidiary and a related loan; and
- (vii) a circular dated 12 October 2002 relating to a discloseable and connected transaction in relation to the acquisition of entire equity interest in Global Direction Limited.