EZCOM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2003

RESULTS

The directors (the "Directors") of Ezcom Holdings Limited (the "Company") announce that the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 October 2003 as follows:–

CONSOLIDATED PROFIT & LOSS ACCOUNT

		Unaudited Six months ended 31 October	
		2003	2002
	Note	***HK$'000***	*HK$'000*
Turnover – Sale of goods	*2*	**1,506,945**	1,576,819
Cost of sales		**(1,445,787)**	(1,473,241)
Gross profit		**61,158**	103,578
Other revenues		**1,181**	3,307
Distribution costs		**(10,506)**	(53,648)
Administrative expenses		**(11,867)**	(36,193)
Gain on disposal of subsidiaries	*3*	**–**	30,337
Goodwill amortization		**(15,490)**	(12,593)
Operating profit	*2, 4*	**24,476**	34,788
Finance costs		**(2,264)**	(3,039)
Share of profit of an associated company		**1,948**	–
Profit before taxation		**24,160**	31,749
Taxation	*5*	**(8,327)**	(3,616)
Profit after taxation		**15,833**	28,133
Minority interests		**(1,027)**	(1,540)
Profit attributable to shareholders		**14,806**	26,593
			As restated
Earnings per share – Basic	*6*	**2.54 cents**	13.59 cents

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 2003 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 2003 except that the Group has changed its accounting policy following its adoption of SSAP12 "Income Taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

The changes to the Group's accounting policy and the effect of adopting this new policy are set out below:

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

In prior years, deferred taxation was 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 was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied prospectively as the effect of this change in accounting policy is not material and, therefore, the opening balances have not been restated.

As a result of the adoption of this accounting policy, the Group's profit for the six months ended 31 October 2003 and the net assets as at 31 October 2003 have been increased by HK$255,000 (2002: Nil).

(2) Segmental information

The Group is principally engaged in the trading of mobile phones, parts and components. An analysis of the Group's turnover and results for the period is as follows:

(a) Primary reporting format – business segments

	Unaudited Six months ended 31 October							
	2003				2002			
	Continuing operation	Discontinued operation			Continuing operation	Discontinued operation		
	Mobile Phones *HK$'000*	Office Furniture *HK$'000*	Kitchen Cabinets *HK$'000*	Total *HK$'000*	Mobile Phones *HK$'000*	Office Furniture *HK$'000*	Kitchen Cabinets *HK$'000*	Total *HK$'000*
Turnover	**1,506,945**	**–**	**–**	**1,506,945**	1,407,804	151,248	17,767	1,576,819
Segment results	**38,896**	**–**	**–**	**38,896**	24,750	(8,238)	(105)	16,407
Unallocated income/costs								
Interest income				**1,070**				637
Goodwill amortization				**(15,490)**				(12,593)
Gain on disposal of subsidiaries				**–**				30,337
Operating profit				**24,476**				34,788
Finance costs				**(2,264)**				(3,039)
Share of profit of an associated company				**1,948**				–
Profit before taxation				**24,160**				31,749
Taxation				**(8,327)**				(3,616)
Profit after taxation				**15,833**				28,133
Minority interests				**(1,027)**				(1,540)
Profit attributable to shareholders				**14,806**				26,593

(b) Secondary reporting format – geographical segments

	Unaudited Six months ended 31 October			
	Turnover		Operating profit	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China excluding Hong Kong ("PRC")	**1,495,584**	1,573,941	**24,024**	41,664
Hong Kong	**11,361**	2,878	**452**	(6,876)
	1,506,945	1,576,819	**24,476**	34,788

(3) Discontinued operation

During the year ended 30 April 2003, the Group discontinued the manufacturing and trading of office furniture and building materials, together with the supply of kitchen cabinets. Certain subsidiaries engaged in the office furniture business had been disposed of to Mr. Kok Kin Hok ("Mr. Kok"), the Chairman of the Company, for a consideration of HK$2,000,000, resulting in a gain of approximately HK$30,337,000 to the Group.

(4) Operating profit

Operating profit is stated after charging the following:

	Unaudited Six months ended 31 October	
	2003	2002
	HK$'000	*HK$'000*
Depreciation on fixed assets	**347**	10,192

(5) Taxation

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the period (2002: 16%). In 2003, the Government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. No provision for PRC income tax is made as the PRC subsidiaries of the Company have no assessable profit for the period (2002: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rate of taxation prevailing in the country in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Unaudited Six months ended 31 October	
	2003	2002
	HK$'000	*HK$'000*
Current Taxation		
– Hong Kong profits tax	**5,556**	3,616
– Under provision in prior year	**2,641**	–
Deferred taxation relating to the origination and reversal of temporary differences	**(255)**	–
Share of taxation attributable to an associated company	**385**	–
Taxation charge	**8,327**	3,616

(6) Earnings per share

The calculation of earnings per share is based on the Group's earnings attributable to shareholders of HK$14,806,000 (2002: HK$26,593,000) and the weighted average of 582,090,206 shares (2002: 195,669,510 shares as adjusted in light of the capital restructuring and an open offer as set out in the Company's circular dated 25 March 2003) in issue during the period.

No diluted earnings per share has been presented as the exercise of subscription rights attached to share options of the Company would be anti-dilutive (2002: Nil).

(7) Transfer to/(from) reserves

	Unaudited Six months ended 31 October	
	2003	2002
	HK$'000	*HK$'000*
Exchange fluctuation reserve – disposal of subsidiaries	**–**	(91)
Share premium – issue of shares	**45,860**	–
Retained profits – profit for the period	**14,806**	26,593

BUSINESS REVIEW

The Group's consolidated turnover for the six months ended 31 October 2003 was HK$1,507 million (2002: HK$1,577 million). The turnover in the Group's mobile business has modestly increased by approximately 7% from HK$1,408 million to HK$1,507 million. It was due to the fact that the Asia telecom market is just bottoming out after the fade of the adverse effects of the Severe Acute Respiratory Syndrome (SARS) in Hong Kong, China and other Asia Pacific countries.

The Group's profit before taxation for the six months ended 31 October 2003 was HK$24.16 million (2002 profit: HK$31.75 million). Profit per share amounted to HK$2.54 cents (2002: HK$13.59 cents as adjusted).

During the period under review, feature-rich models with colour display such as Kejian K699, K606, K618, K358, K368 and K388 came onto the market, especially K699 and K606 are high-end phones with camera, and also K388 which adopted technologies of PHILIPS such that its standby time can last for 10 days and therefore our consumers became motivated to purchase new models of our products. Ezcom intends to capitalize on this trend by offering a series of new models with advanced features, to simulate demand among our targeted consumers. The Group continued to renew its product line-up, launching several new models with colour screens, camera and multimedia capability.

Attributable to the effort of the Management, the Group's distribution network of mobile handsets in China has been further expanded to 26 major cities, provinces and autonomies with support from more than 100 core distributors and over 5,000 registered retail shops by the end of the six months under review. In addition, we have maintained excellent relationship with our main supplier Samsung, the world's third largest manufacturer of mobile phones.

The period under review also marked the initial rollout of our products outside Mainland China. Since May 2003 Ezcom has already been successfully distributing few models of Kejian brand mobile phones in Hong Kong and Macau to pave the way for our growth in other regions.

The Group has several years of solid experience in purchasing of electronic components. During the period under review, the Group has provided "one-stop" electronic components purchasing services for a number of GSM mobile phone manufacturers in the PRC by utilizing our good relationship with our suppliers of electronic components.

"One-stop" purchasing of electronic components has become the Group's new focus of growth in profitability apart from the Group's business of distributing mobile phones.

In technology and research & development, the Group's acquisition of 33.98% in Ezze Mobile in November 2002 proved to be highly valuable to the Group's vision to become a full mobile telecommunications solutions provider with premium-value-added services possessing unsurpassed strengths in areas of mobile technology solutions, product designs, production support, quality control and provision of after-sale services.

Apart from assisting in Kejian's sponsorship to Everton Football Club of English Premier League, the Group has also successfully assisted Kejian in its jersey sponsorship to Hong Kong Representative Team in Invest Hong Kong Football Challenge 2003 against Liverpool in July 2003. The programme has reinforced Kejian's sports-driven branding initiatives as part of a series of carefully planned sports sponsorship events in soccer and also supported one of the community events in the Hong Kong's bounce back activities after the outbreak of SARS.

The Group continued to be able to sustain its sound financial position. At 31 October 2003, the Group's total cash on hand and total bank borrowings aggregated to HK$102 million and HK$112 million (30 April 2003: HK$102 million and HK$116 million) respectively, in which bank borrowings amounted to HK$108 million (30 April 2003: HK$112 million) were repayable within one year from 31 October 2003. The bank borrowings were secured by bank deposits of HK$107 million (30 April 2003: HK$75 million) and legal charges on the properties of the Group with an aggregate net book value of HK$14 million (30 April 2003: HK$14 million).

The Group's business transactions, assets and liabilities are mainly denominated in Hong Kong Dollars, Renminbi, Japanese Yen and United States Dollars. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group's major source of funds was cash flow generated from its operating activities and financing from banks and share issuance. The Group does not conduct any foreign currency speculative activities.

The Group had contingent liabilities in respect of bills of exchange discounted with recourse amounted to HK$188 million (30 April 2003: HK$89 million) as at 31 October 2003.

Shareholders' funds were maintained at a level of HK$477 million and the gearing ratio as measured by total bank borrowings to shareholders' funds was 23.5% as at 31 October 2003.

PROSPECTS

The Management anticipates that stable growth in revenue and profits from the Group's distribution of mobile handsets in China, Hong Kong and Macau and supply of mobile phone, electronic components and technology to a number of China's mobile phone manufacturers will enable the Group to achieve continual organic growth.

In light of the highly competitive market and rapidly changing environment, the Group's acquisition of interests in Ezze Mobile in November 2002 brings the Group closer to cutting edge developments in the mobile telecommunications industry, including multi-media messaging, mobile high-speed data transmission via GPRS, 3G or other platforms.

The Management will keep their eyes on business opportunities in 3G handsets since it is likely that the transition from 2G to 3G will span several years and significant volume sales of new 3G mobile phones only possible with the timely and successful construction of 3G networks and debut of 3G services by carriers in the Greater China Region.

The combination of Ezze Mobile's handset design capabilities with Samsung's technology support and Kejian's manufacturing strength will provide the Group with a unique edge over our competitive peers in implementing solutions. In fact, a national survey performed in 2003 on brand identity in China ranked Kejian number one in brand visibility for mobile phones in the country.

Across the Asia, selected industries and geographic regions have their individual challenges, but the overall business environment seems to have become stabilized. The prospect for modest but emerging growth is further enhanced by the implementation of CEPA and other supportive measures introduced by the Chinese government in 2004. The Management anticipates that there will be more opportunities for the Group's business to grow in the PRC of telecommunication market.

In 2004, Ezcom expects total market volumes in mobile handsets to grow by 10% or slightly more. Volume growth in 2004 is expected to be driven by the combined effects of an expanding subscriber base and a stabilizing replacement cycle. Just over a quarter of current PRC subscribers upgrade their handsets annually, which translates to a replacement cycle of roughly 2.5 years. Consumer sentiment is on the rebound and retail sales figure have been improving.

The master business plan also envisages the landing of our products in other new overseas markets. Based on the Group's current successful business models in PRC and Hong Kong, the Group will continue its geographical expansion and enhance its market presence in the other regions such as India which has a very low 1.8% mobile penetration rate and is one of the fastest growing market for mobile communication.

While the Group will maintain its business in distributing Samsung's premium, high-end models, in order to further strengthen the Group's products portfolio, the Group may also distribute mid-end models of Kejian with advanced functionality and will try to provide high quality value-added services to our customers. With a corporate vision to "Bring Technology to Life", Ezcom is committed to becoming a leader in the PRC mobile telecommunications industry.

For the benefits of the shareholders and the Company as a whole, the Board will explore new business expansion and investment opportunities to diversify our business.

EMPLOYEES

As at 31 October 2003, the Group had approximately 30 staff in Hong Kong and had approximately 40 employees in Mainland China. The staff costs, which included salaries, allowance and other benefits in kind amounted to HK$7,217,000 (2002: HK$39,572,000). The Group's remuneration policies, discretionary bonus programme and share option scheme for employees are carried out in accordance with the performance of the Group and of individual employees. The Group also provides training, job rotation, insurance and medical benefits to staff. The Group's remuneration policies are revised on a regular basis and remuneration packages are in line with market practices.

INTERIM DIVIDEND

The board of directors has resolved not to declare any interim dividend for the six months ended 31 October 2003 (2002: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months period ended 31 October 2003, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

This interim report has been reviewed by the Audit Committee of the Board which comprises two Independent Non-Executive Directors.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 31 October 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. The Independent Non-Executive Directors of the Company are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

PUBLICATION OF INTERIM RESULTS IN THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By Order of the Board
Kok Kin Hok
Chairman

Hong Kong, 19 January 2004

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