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EZCOM HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 312)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE EQUITY INTERESTS IN FUTURE CIRCLE HOLDINGS LIMITED NOT ALREADY OWNED BY THE COMPANY

On 7th September, 2004, the Company entered into the Agreement with Mr. Li to acquire from Mr. Li his entire interests in Future Circle, being one-third of its total issued share capital. Future Circle is owned as to two-thirds by the Company and one-third by Mr. Li, which in turn holds 30% of the total issued share capital in Ezcom Tech. The remaining 70% of the total issued share capital of Ezcom Tech is already owned by the Company through its wholly-owned subsidiary, Select Right Developments Limited. The consideration for the Sale Share is HK\$30,000,000 which is to be satisfied by the issue of the Promissory Note to Mr. Li.

As at least one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5%, the entering into the Agreement constitutes a discloseable transaction for the Company for the purpose of Chapter 14 of the Listing Rules. As Mr. Li is a director of Ezcom Tech and a substantial shareholder of Future Circle, a subsidiary of the Company, the entering into the Agreement is also a connected transaction requiring shareholders' approval for the Company under Chapter 14A of the Listing Rules.

An independent board committee will be formed to advise the Shareholders on the Acquisition. An independent financial adviser will also be appointed to advise the independent board committee and Shareholders in this regard. Approval in writing will be sought from Mr. Kok Kin Hok, who is a Director and who holds approximately 52.7% interest in the issued share capital of the Company, in respect of the Acquisition pursuant to Rule 14A.43 of the Listing Rules. Accordingly, no meetings of Shareholders will be convened for the purpose of considering the Acquisition. As far as the Directors are aware, no Shareholders have a material interest in the transaction, as such,

no Shareholders will be required under the Listing Rules to abstain from voting on the relevant resolution in respect of the Acquisition were a general meeting is convened.

A circular containing further details on the Acquisition will be despatched to Shareholders as soon as practicable.

AGREEMENT

Date

7th September, 2004

Parties

Vendor: Mr. Li Tung Wai, who beneficially owns the Sale Share representing one-third of the total issued share capital of the Future Circle. As far as the Directors are aware, Mr. Li and his associates do not have any shareholdings in the Company nor does he have any other shareholdings in other members of the Group save for his indirect interests in Ezcom Tech and directorships in some members of the Group

Purchaser: the Company

Subject

Sale Share

Consideration

HK\$30,000,000 which is to be satisfied by the issue of the Promissory Note

Conditions

Completion of the Agreement is conditional upon:–

- (i) the Agreement and the transactions contemplated hereunder including the issue of the Promissory Note having been approved by the Shareholders who are qualified under the Listing Rules to vote on the relevant resolutions in general meeting of the Company or if the Stock Exchange agrees, by a certificate signed by the Shareholders holding more than 50% of the total issued share capital of the Purchaser; and
- (ii) all consents, waivers, approvals, authorisations and clearances (if any) of any relevant governmental or regulatory authority or any relevant third party necessary for the parties to enter into and perform this Agreement having been obtained.

The above conditions cannot be waived except for condition (ii) which may be waived by the Company in writing. If the above conditions are not fulfilled or waived (as the case may be) by the Company on or prior to 30th November, 2004 (or such later date as may be agreed between the Company and Mr. Li), the Agreement will automatically terminate.

Completion

Completion is to take place the Business Day immediately after satisfaction or waiver of the Conditions.

INFORMATION ON THE GROUP

The principal business of the Company is investment holding. Through its subsidiaries, it principally engages in the distribution of Samsung mobile phones in the PRC and the sale and purchase of electronic components for GSM mobile phones.

INFORMATION ON FUTURE CIRCLE

Future Circle is a company incorporated in the British Virgin Islands with limited liability on 12th June, 2001 and is owned as to two-thirds by the Company and as to the remaining one-third by Mr. Li. It is an investment holding company whose only asset is a 30% interest in Ezcom Tech and has no significant liabilities of itself.

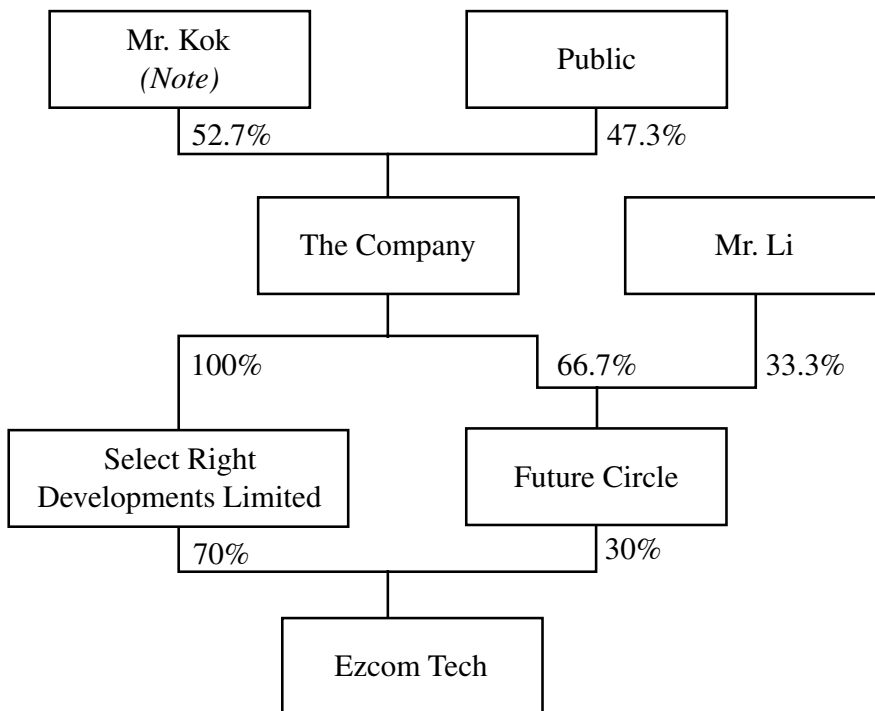
REASONS FOR ENTERING INTO THE TRANSACTION AND INFORMATION ON EZCOM TECH

Ezcom Tech is a limited liability company incorporated in Hong Kong which is owned as to 70% by Select Right Developments Limited, a wholly-owned subsidiary of the Company and as to 30% by Future Circle. Ezcom Tech was established by Mr. Li in 1995 with an initial capital of approximately HK\$300,000. It is principally engaged in the trading in Asia of mobile phones and mobile phone-related electronic components. According to the financial statements of Ezcom Tech, its audited consolidated net profit before taxation amounted to approximately HK\$17,239,000 and HK\$51,842,000 for the financial years ended 31st March, 2003 and 31st March, 2004 respectively. The audited consolidated profit after taxation of Ezcom Tech for the two financial years ended 31st March, 2003 and 31st March, 2004 amounted to approximately HK\$16,098,000 and HK\$45,187,000 respectively. According to the financial statements of Ezcom Tech, its audited consolidated net assets as at 31st March, 2004 were approximately HK\$207,301,000.

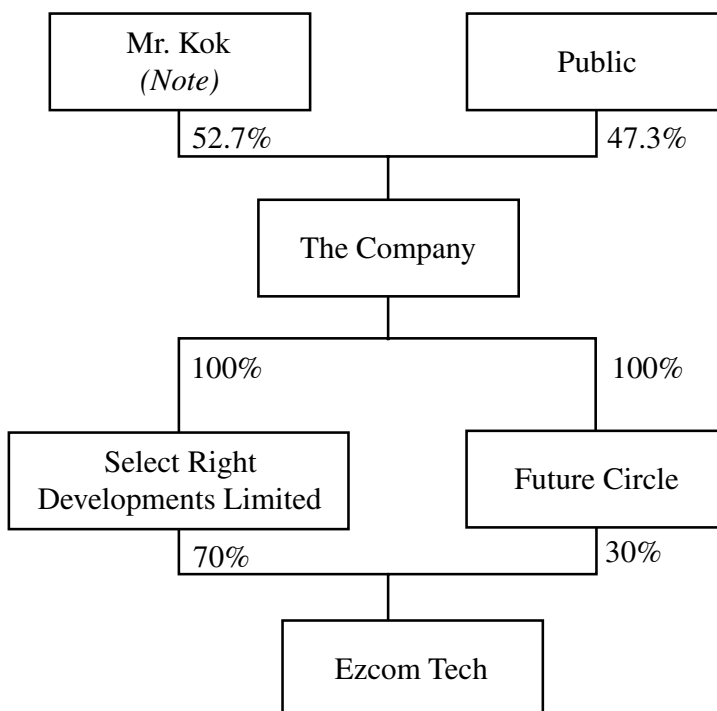
In light of the continued growth of the business of Ezcom Tech, the Directors consider that it is now a good time to acquire the remaining interests in Future Circle thereby turning Ezcom Tech into a wholly-owned subsidiary of the Company. The Acquisition will result in the Company owning indirectly 100% of Ezcom Tech. The following chart shows the shareholding structure of the Company's

interests in Ezcom Tech before and immediately upon completion of the Agreement:–

BEFORE COMPLETION



IMMEDIATELY AFTER COMPLETION



Note: Mr. Kok has an aggregate 52.7% indirect interest in the Company through the shareholding of Anglo Express Group Limited and All About Investments Limited, which are both beneficially and wholly-owned by Mr. Kok.

The turning of Ezcom Tech into the Company's wholly-owned subsidiary will enable the Group to eliminate the minority interests recorded in its financial statements. The assets attributable to Group's minority interests as at 31st March, 2004 as recorded in its audited consolidated balance sheet were approximately HK\$21,266,000 and the profits attributable to Group's minority interests for the period from 1st May, 2003 to 31st March, 2004 as recorded in its audited consolidated income statement were approximately HK\$5,077,000. Based on the audited consolidated financial statements for the 11 months ended 31st March, 2004, the Acquisition would enable the Company to eliminate almost all of these minority interests and thereby reflecting fully the performance of Ezcom Tech in the consolidated financial statements of the Group.

BASIS OF CONSIDERATION

The Consideration of HK\$30,000,000 is arrived at by reference to the performance and financial information of Ezcom Tech. Ezcom Tech's audited consolidated net profit before taxation for the year ended 31st March, 2004 amounted to approximately HK\$51,842,000. Its audited consolidated net assets as at 31st March, 2004 were approximately HK\$207,301,000.

The Directors consider the terms of the Agreement and the Consideration to be fair and reasonable. The Directors also consider that the Acquisition is in the interest of the Company and its Shareholders as a whole.

The principal amount of HK\$30,000,000 of the Promissory Note is expected to be satisfied from internal funds of the Group. The Promissory Note carries an interest rate of 1% per annum. It is repayable on or at any time before the Maturity Date.

GENERAL

As at least one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5%, the entering into the Agreement constitutes a discloseable transaction for the Company for the purpose of Chapter 14 of the Listing Rules. As Mr. Li is a director of Ezcom Tech, the entering into the Agreement is also a connected transaction requiring shareholders' approval for the Company under Chapter 14A of the Listing Rules.

An independent board committee will be formed to advise the Shareholders on the Acquisition. An independent financial adviser will also be appointed to advise the independent board committee and Shareholders in this regard. Approval in writing will be sought from Mr. Kok Kin Hok, who is a Director and who holds approximately 52.7% interest in the issued share capital of the Company, in respect of the Acquisition pursuant to Rule 14A.43 of the Listing Rules. Accordingly, no meetings of Shareholders will be convened for the purpose of considering the Acquisition. As far as the Directors are aware, no Shareholders have a material interest in the transaction, as such, no Shareholders will be required under the Listing Rules to abstain from voting on the relevant resolution in respect of the Acquisition were a general meeting is convened.

A circular containing further details on the Acquisition will be despatched to Shareholders as soon as practicable.

DEFINITION

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“Acquisition”	the acquisition of Sale Share by the Company from Mr. Li as contemplated under the Agreement
“Agreement”	an agreement dated 7th September, 2004 entered into between the Company and Mr. Li in respect of the Acquisition
“Board”	the board of Directors
“Company”	Ezcom Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Consideration”	HK\$30,000,000 to be satisfied by the issuing of the Promissory Note by the Company to Mr. Li
“Directors”	the directors of the Company
“Ezcom Tech”	Ezcom Technology Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap. 32) with limited liability on 3rd August, 1995 and, before the Acquisition, an indirect non wholly-owned subsidiary of the Company
“Future Circle”	Future Circle Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 12th June, 2001
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	second anniversary of date of issue of the Promissory Note
“Mr. Kok”	Mr. Kok Kin Hok, a Director who beneficially and indirectly owns approximately 52.7% of the total issued share capital of the Company
“Mr. Li”	Mr. Li Tung Wai, a director of Future Circle, who is the vendor of the Acquisition
“Promissory Note”	a promissory note in the principal amount of HK\$30,000,000 to be issued by the Company to Mr. Li pursuant to the Agreement in satisfaction of the Consideration

- “Sale Share” 1 share in Future Circle, representing one-third of its total issued share capital
- “Shareholders” the shareholders in the Company
- “Stock Exchange” The Stock Exchange of Hong Kong Limited

The board of directors of the Company as at the date of this announcement comprises of Mr. Kok Kin Hok, Mr. Lam Bing Sum, Mr. Lian Song Qing, being executive directors, Mr. Hou Ziqiang, being non-executive director, Dr. Yang Shiqin, Dr. Li Jianhua and Mr. Wang Shunian, being independent non-executive directors.

By the Order of the Board
Kok Kin Hok
Chairman

Hong Kong, 7 September, 2004

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