

Dear Shareholders,

I hereby present the annual report of HyComm Wireless Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2004 and summarise below the recent development and major activities of the Group during the year.

## RESULTS OF THE GROUP

The Group recorded turnover for the year of approximately HK\$10.6 million and net loss for the year of approximately HK\$80.1 million. Net loss for the year is mainly attributable to impairment loss in respect of investments in securities and goodwill attributable to subsidiaries.

## DIVIDEND

The Board of Directors ("Directors") does not recommend the payment of final dividend for the year ended 31 March 2004.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group was principally engaged in the business of property investment and development, short message services and trading of communication products while the Group continued to re-engineer its businesses.

### Business review

During the year under review, the increase in turnover by about HK\$1 million is mainly attributable to the income from short message services. The decrease in loss for the year by about HK\$36 million was mainly due to surplus arising on revaluation of the properties held by the Group. The investment properties have continued to contribute to the Group. The properties under development held by the Group are still in the preliminary stage and the construction work will commence only at a later stage.

本人謹提呈華脈無線通信有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零四年三月三十一日止年度之年報及在下文概述近期之發展及本集團本年度主要業務。

## 集團業績

本集團錄得營業額約10,600,000港元及本年虧損淨額約80,100,000港元，本年度虧損淨額主要源於證券投資及附屬公司商譽減值虧損。

## 股息

董事會(「董事會」)建議不派發截至二零零四年三月三十一日止年度之末期股息。

## 管理層討論及分析

於回顧年度，本集團主要從事物業投資及發展、短訊服務及通訊產品貿易業務，同時，本集團繼續重整其業務。

### 業務回顧

於回顧期間，營業額增加約1,000,000港元，主要由於短訊服務收入之貢獻。本年度虧損減少約36,000,000港元乃主要由於本集團的物業重估增值。投資物業繼續為本集團作出貢獻，本集團現有發展中物業仍然處於初步階段及建築工程將於稍後展開。

The Group's investments in Codebank Limited (listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") with stock code 8162 and its shares trading suspended since 14 May 2002), Inno-Tech Holdings Limited (listed on GEM with stock code 8202), Tekson International Telecom Limited, Megacom Holdings Limited, Hycomm Technology Incorporated and Mobidog Inc. are still retained as long-term investments of the Group.

On 27 June 2003, an indirect wholly owned subsidiary of the Company entered into an agreement with certain vendors and warrantors to acquire about 60% of the issued share capital in Global Edge Technology Limited ("GET") by issue of consideration shares of 150,000,000 new shares of the Company with other terms disclosed in the Company's announcement dated 27 June 2003. GET group is principally engaged in the operation, management and development of short message services, technologies and other related services being used by telecom network operators in Hong Kong. This transaction was completed in August 2003.

On 19 August 2003, an indirect wholly owned subsidiary of the Company entered into an agreement with the purchaser to dispose of the whole interests in 12 villa houses erected in Beijing Dragon Villas, 8 Shun An South Road, Shun Yi District, Beijing, the PRC. The others terms of this transaction have been disclosed in the Company's announcement dated 28 August 2003. This transaction was completed in September 2003.

本集團於數碼庫有限公司（於香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）以股票編號 8162 上市及其股份自二零零二年五月十四日起暫停買賣）、滙創控股有限公司（於創業板以股票編號 8202 上市）、香港泰信國際網絡有限公司、美格集團有限公司、Hycomm Technology Incorporated 及 Mobidog Inc. 所持之投資仍維持作為本集團的長期投資。

於二零零三年六月二十七日，本公司間接全資附屬公司與若干賣方及保證人訂立協議以發行 150,000,000 股本公司新股份作為代價股份以收購 Global Edge Technology Limited（「GET」）約 60% 已發行股本，其他條款列於本公司於二零零三年六月二十七日之公佈內。GET 集團主要參與短訊服務之運作、管理及發展；以及為香港電訊網絡營運商提供技術及其他相關服務。此交易於二零零三年八月完成。

於二零零三年八月十九日，本公司間接全資附屬公司與買方訂立協議以售出十二幢位處於中國北京順義區安南路 8 號北京龍苑別墅之別墅洋房全部權益，此交易其他條款列於本公司於二零零三年八月二十八日之公佈內。此交易於二零零三年九月完成。

## Liquidity, financial resources, pledge of assets and contingent liabilities

The Group has bank and cash balance of approximately HK\$2,167,000 as at 31 March 2004. The Group's bank borrowings outstanding at 31 March 2004 amounted to approximately HK\$106 million, representing a decrease of approximately HK\$2 million as compared with the amounts outstanding at 31 March 2003. During the year, there is no material change in the level of bank borrowings of the Group. Due to reduction of assets value, its gearing level (total liabilities over equity) changed from 1.48 at 31 March 2003 to 2.81 at 31 March 2004. The borrowings outstanding at 31 March 2004 is secured by certain properties held by the Group and denominated in Hong Kong dollar only. As at 31 March 2004, the Group has no material contingent liability. With bank and cash and other current assets as well as the Group's available banking facilities, the Group has sufficient financial resources to satisfy its financial commitments and working capital requirements.

## Employee

As at 31 March 2004, the Group had 17 staff. In addition to the basic salary, employees are rewarded with performance-related bonuses, other staff welfare and also a share options scheme will be made available to certain staff of the Group at the Directors' discretion.

## Prospects

Gradual shift of its business strategy from property investment and development to technology-related and communication businesses allows the Group to focus its resources on technology-related and communication businesses in an attempt to broaden its earning base and catch new opportunities in the long run. By adopting a prudent approach in its new business development and financial strategy, the Group hopes to take advantage of new business opportunities with strong market momentum and potential. It is believed that the new business strategy will bring to the shareholders greater value created from the new business in the long run.

## 資產流動性、財務狀況、資產抵押及或然債務

本集團於二零零四年三月三十一日之銀行及現金結存約為 2,167,000 港元。本集團之銀行貸款餘額於二零零四年三月三十一日為約 106,000,000 港元，較二零零三年三月三十一日之餘額減少約 2,000,000 港元。年內，本集團銀行借貸水平並無重大變化，由於資產值減少，其借貸比率（總負債除以股東資金）由於二零零三年三月三十一日之 1.48 改變至於二零零四年三月三十一日之 2.81。於二零零四年三月三十一日之借貸乃以本集團若干物業作為抵押及以港元結算。於二零零四年三月三十一日，本集團並無重大或然債務，連同銀行及現金結存及其他流動資產，以及本集團備用銀行信貸，本集團有充足財務資源以應付其財務承諾及營運資金需求。

## 僱員

於二零零四年三月三十一日，本集團有 17 名僱員。除底薪外，僱員會獲發按工作表現計算之獎金及享有其他員工福利。此外，根據購股權計劃，董事會可酌情向本集團若干員工授出購股權。

## 前景

將業務策略之重點由物業投資及發展逐步轉移為科技有關及通訊業務容許本集團重點投放其資源於科技有關及通訊業務，長遠可擴大盈利基礎及捕捉新機。採納審慎態度於新業務開發及財務策略，本集團可望因科技行業強勁之市場動力及優厚潛力帶來之全新商機而受惠。吾等相信，新業務策略會長遠因新業務為股東帶來更高之投資價值。

## AUDIT COMMITTEE

The audit committee of the Company comprises of two independent non-executive directors. The primary duties of the audit committee are review and advice on the financial reporting process and internal control system of the Group.

On behalf of all members of the Board, I would like to express our gratitude to the shareholders for their continuing support and all staff of the Group for their hard work and contribution.

**LAI Yiu Keung**  
*Chairman*

Hong Kong, 3 September 2004

## 審核委員會

本公司之審核委員會由兩位獨立非執行董事組成，審核委員會主要進行審閱及建議本集團之財務申報程序及內部監督系統。

本人僅代表董事會同寅，向一直支持本集團之股東及辛勤工作為本集團帶來貢獻之全體員工致謝。

此致  
列位股東 台照

主席  
**黎耀強**

香港，二零零四年九月三日