



華脈無線通信有限公司 *
HYCOMM WIRELESS LIMITED
 (incorporated in Bermuda with limited liability)
 (Stock Code: 0499)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The Board of Directors (“Board”) of HyComm Wireless Limited (the “Company”) announces that the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2007 together with the comparative figures for the previous corresponding period are as follows:

Condensed consolidated income statement

		Six months ended 30 September 2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
	<i>Notes</i>		
Turnover	2	5,641	6,566
Other revenue	3	12,811	337
Operating costs		(6,519)	(6,210)
Staff costs		(2,793)	(3,123)
Profit/(loss) from operating activities	4	9,140	(2,430)
Loss on disposal of a subsidiary		(42)	(474)
Finance costs	5	(3,013)	(3,209)
Share of results of associates		1	(1)
Profit/(loss) before taxation		6,086	(6,114)
Taxation	6	238	(9)
Profit/(loss) for the period		6,324	(6,123)
Attributable to:			
Equity shareholders of the Company		5,946	(6,378)
Minority interests		378	255
		6,324	(6,123)
Earnings/(loss) per share - basic	7	0.19 cents	(0.21) cents

Condensed consolidated balance sheet

		As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties		198,000	216,000
Properties, plant and equipment		6,652	7,600
Interests in leasehold land held for own use under operating leases		13,185	13,215
Interests in associates		2,481	2,812
Available-for-sale financial assets		38,563	13,537
Intangible assets		58,000	-
		316,881	253,164

CURRENT ASSETS			
Receivables, deposits and prepayments	8	1,237	1,143
Bank and cash balances		3,074	642
		<u>4,311</u>	<u>1,785</u>
CURRENT LIABILITIES			
Payables and accrued charges	9	15,965	18,609
Deposits received		1,425	1,115
Amounts due to former shareholders		4,295	4,295
Amount due to a director		17,925	17,244
Bank borrowings - due within one year		23,235	20,040
Other borrowings - due within one year		225	556
Taxation		1,148	1,148
		<u>64,218</u>	<u>63,007</u>
NET CURRENT LIABILITIES		<u>(59,907)</u>	<u>(61,222)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>256,974</u>	<u>191,942</u>
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year		65,690	72,255
Deferred tax liabilities		3,947	4,185
		<u>69,637</u>	<u>76,440</u>
NET ASSETS		<u>187,337</u>	<u>115,502</u>
CAPITAL AND RESERVES			
Share capital		357,064	298,064
Share premium and reserves		(172,388)	(184,845)
		<u>184,676</u>	<u>113,219</u>
MINORITY INTERESTS		<u>2,661</u>	<u>2,283</u>
TOTAL EQUITY		<u>187,337</u>	<u>115,502</u>

Condensed consolidated statement of changes in equity

	Share capital HK\$'000	Share premium HK\$'000	Surplus account HK\$'000	Fair value reserve HK\$'000	Deficit HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2006	298,064	491,426	255,025	(115)	(933,559)	939	111,780
Changes in fair value of available-for-sale financial assets	-	-	-	(58)	-	-	(58)
Loss for the period	-	-	-	-	(6,378)	255	(6,123)
At 30 September 2006	<u>298,064</u>	<u>491,426</u>	<u>255,025</u>	<u>(173)</u>	<u>(939,937)</u>	<u>1,194</u>	<u>105,599</u>
At 1 April 2007	298,064	491,426	255,025	10,772	(942,068)	2,283	115,502
Issue of placing shares	32,000	7,513	-	-	-	-	39,513
Issue of consideration shares	27,000	-	-	-	-	-	27,000
Changes in fair value of available-for-sale financial assets	-	-	-	3,942	-	-	3,942
Realisation changes in fair value of available-for-sale financial assets	-	-	-	(4,944)	-	-	(4,944)
Profit for the period	-	-	-	-	5,946	378	6,324
At 30 September 2007	<u>357,064</u>	<u>498,939</u>	<u>255,025</u>	<u>9,770</u>	<u>(936,122)</u>	<u>2,661</u>	<u>187,337</u>

Condensed consolidated cash flow statement

	Six months ended 30 September 2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(7,605)	(4,159)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(26,458)	5,647
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	36,452	(1,278)
INCREASE IN CASH AND CASH EQUIVALENTS	2,389	210
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(11,315)	(10,671)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(8,926)	(10,461)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	3,074	1,486
Bank overdrafts	(12,000)	(11,947)
	(8,926)	(10,461)

Notes:

(1) Significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in compliance with Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The same principal accounting policies and basis of presentation are followed in these interim financial statements as compared with the published annual financial statements for the year ended 31 March 2007 except for the adoption of certain new/revised Hong Kong Financial Reporting Standards, interpretations and HKASs (“new/revised HKFRSs”) which are effective for accounting periods commencing on or after 1 January 2007. The adoption of the new/revised HKFRSs has had no material impact on the accounting policies and the methods of computation in these condensed consolidated interim financial statements.

The Group has not yet applied the new/revised HKFRSs that have been issued but not yet been effective. The directors of the Company anticipated that the application of these new/revised HKFRSs will have no material impact on the financial statements of the Group.

(2) Segmental information

The Group's turnover and contribution therefrom for the period is analysed as follows:

	Turnover		Contribution to Profit/(loss)	
	Six months ended		from operating activities	
	30 September		Six months ended	
	2007		2007	
	2006		2006	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross rental income from investment properties	2,396	3,166	(153)	1,158
Income from short message services	3,151	3,340	946	640
Sales of goods and services	94	60	(772)	(866)
	<u>5,641</u>	<u>6,566</u>	<u>21</u>	<u>932</u>
Unallocated other revenue			21	11
Gain on disposal of available-for-sale financial assets		12,613	-	
Unallocated corporate expenses			(3,515)	(3,373)
Profit/(loss) from operating activities			<u>9,140</u>	<u>(2,430)</u>

Most of the property activities of the Group are based in Hong Kong and most of the Group's turnover and the profit/(loss) from operating activities are derived from Hong Kong.

(3) Other revenue

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Gain on disposal of available-for-sale financial assets	12,613	-
Others	198	337
	<u>12,811</u>	<u>337</u>

(4) Profit/(loss) from operating activities

The Group's profit/(loss) from operating activities is arrived at after charging:

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' remuneration	2,220	2,220
Depreciation and amortisation	977	2,041
Operating lease payment in respect of rented premises	<u>577</u>	<u>577</u>

(5) Finance costs

	Six months ended 30 September 2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Finance costs comprise:		
Interest expense on:		
Bank borrowings wholly repayable within five years	2,770	2,588
Bank borrowings wholly repayable more than five years	228	589
Other borrowings	15	32
	<u>3,013</u>	<u>3,209</u>

(6) Taxation

	Six months ended 30 September 2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
The credit (charge) comprises:		
Hong Kong Profits Tax	-	-
Taxation in other regions in the PRC	-	-
Deferred tax	238	(9)
	<u>238</u>	<u>(9)</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the period. Taxation arising in other regions in the PRC is calculated at the rates prevailing in the relevant regions of the PRC.

(7) Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit for the period attributable to the equity shareholders of the Company of HK\$5,946,000 (2006: loss of HK\$6,378,000) and on the weighted average number of 3,079,983,277 shares (2006: 2,980,639,015 shares) in issue during the period.

Diluted earnings/(loss) per share for the six months ended 30 September 2007 and 2006 have not been presented as there was no potentially dilutive ordinary shares in existing during both period.

(8) Receivables, deposits and prepayments

The credit terms are negotiated with and entered into under normal commercial terms. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. Included in receivables, deposits and prepayment are trade receivable of HK\$354,000 (31 March 2007: HK\$204,000). The aging analysis of trade receivable is as follows:

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Current	116	98
One to three months overdue	54	104
Over 3 months overdue	184	2
	<u>354</u>	<u>204</u>

(9) Payables and accrued charges

Included in payables and accrued charges are trade payables of HK\$4,792,000 (31 March 2007: HK\$4,770,000). The aging analysis of trade payables is as follows:

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Current	30	108
Over 1 month but less than 3 months	30	113
Over 3 months	4,732	4,549
	<u>4,792</u>	<u>4,770</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2007 (2006: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2007, the Group was principally engaged in the business of property investment and development, short message services and trading of communication products. The Group recorded turnover for the period of approximately HK\$5.6 million and profit for the period attributable to equity shareholders of the Company of approximately HK\$5.9 million.

Business review and prospects

During the period under review, the decrease in turnover by about HK\$1 million is mainly attributable to the decrease in rental income from investment properties. The profit for the period of about HK\$5.9 million recorded was mainly attributed by the disposal of certain listed securities during the period. During the period, the investment properties have continued to contribute to the Group. The Group's other properties with development potentials are still in a planning stage.

On 27 July 2007, the Company entered into an agreement with a vendor to purchase the right to operate certain rural land and exploitation of timber from the said rural land for an aggregate consideration of HK\$58,000,000 satisfied by cash. Other major terms have been disclosed in the Company's announcement dated 3 August 2007.

On 13 August 2007, three wholly owned subsidiaries of the Company entered into an agreement with a purchaser to dispose of the entire issued ordinary share capital of Billtech Limited, which mainly owns certain properties situated in Yu Lok Lane, Hong Kong, at a consideration of HK\$18,000,000. Other major terms of this disposal have been disclosed in the Company's announcement dated 14 August 2007.

On 24 August 2007, a wholly owned subsidiary of the Company entered into an agreement with certain vendors to acquire 7.5% of the issued share capital in Corning Investments Limited ("Corning") satisfied by issue of 270,000,000 new shares of the Company as consideration shares. The other major terms of this transaction have been disclosed in the Company's announcement dated 28 August 2007. Corning is principally engaged in the provision of outdoor media advertising and broadcasting network through its subsidiaries.

On 19 December 2007, the Company requested the trading in shares suspended pending the release of an announcement regarding a major transaction. Announcement will be made later to publish the details of the major transaction.

While the results of the Group was benefited due to Hong Kong property market was continually prospered, gradual shift of its business strategy from property investment and development to other businesses with stronger potential is still a long term goal of the Group to attempt to broaden its earning base and catch new opportunities in the long run. The Group will focus on such direction greater value to bring to the shareholders.

Liquidity and financial resources, pledge of assets and contingent liabilities

The Group has bank and cash balances of approximately HK\$3,074,000 as at 30 September 2007. The Group's major liabilities are bank borrowings and its bank borrowings outstanding at 30 September 2007 amounted to approximately HK\$89 million, representing a decrease of approximately HK\$3 million as compared with the amounts outstanding at 31 March 2007. During the period, the Group's gearing level (total liabilities over total equity attributable to equity shareholders of the Company) changed from 1.23 at 31 March 2007 to 0.72 at 30 September 2007. The borrowings outstanding at 30 September 2007 is secured by certain properties held by the Group and denominated in Hong Kong dollar only. As at 30 September 2007, the Group has no material contingent liability and capital commitment. With bank and cash balances and other current assets, together with the Group's available banking facilities, the Group has sufficient financial resources to satisfy its financial commitments and working capital requirements.

Placing of new shares under general mandate and use of proceeds

On 27 July 2007, the Company entered into a placing agreement with Hani Securities (H.K.) Limited for placing of 320,000,000 new shares of the Company at issue price of HK\$0.126 per share. The net proceeds amounting to about HK\$40 million have been used for partial payment of cash consideration payable for the acquisition of the Right as mentioned above. The placing has been completed on 17 August 2007.

Proposed issue of convertible notes

On 10 October 2007, the Company entered into placing agreements with Hani Securities (H.K.) Limited for placing of (i) under tranche I on a best effort basis of a maximum of HK\$240,000,000 value of convertible notes to independent subscribers and (i) under tranche II on a best effort basis of a maximum of HK\$60,000,000 value of convertible notes to independent subscribers. The resolution regarding the issuance of the convertible notes has been passed, among other matters, by the shareholders of the Company in the special general meeting held on 16 November 2007. The placing has not yet completed at the date of this announcement and others major terms of the placing have been disclosed in the Company's announcement dated 15 October 2007.

Employee

As at 30 September 2007, the Group had 13 employees in Hong Kong. In addition to basic salary, employees are rewarded with performance-related bonuses, other staff welfare and a share option scheme will be made available to certain staff of the Group at the discretion of the Board.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

As at 30 September 2007, the Company has complied with the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Listing Rules except the following:

Code provision A.2.1: The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not separate the roles of chairman and managing director and Mr. Lai Yiu Keung currently holds both positions. The Board is in the opinion that the combination of the roles of chairman and managing director ensures the efficient formulation and implementation of the Company's strategies to identify and follow up on business opportunities. Such arrangement is also deemed to enable the Company in meeting the rapidly changing business environment which necessitates prompt and efficient decision-making.

Code provision A.4.2: Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the Company's Bye-Laws, at every annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that no director holding the office as chairman and/or managing director shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire. The Board is in the opinion that the continuity of office of the chairman or managing director provides the Group a strong and consistent leadership and smoothes the operations.

Code provision B.1.1: The Company should established a remuneration committee with specific terms of reference which deal clearly with its authority and duties and a majority of the members of the remuneration committee should be independent non-executive directors. The Board is in the opinion that establishment of a remuneration committee as required by this provision does not really benefit after due consideration of the size of the Group and the associated costs involved.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS ("Model Code")

The Company has adopted the Mode Code as the Company's code of conduct for dealings in securities of the Company by the directors. The Company has made enquiries with the directors that they have complied with the Model Code throughout the period.

AUDIT COMMITTEE

The audit committee of the Company comprises of three independent non-executive directors. The primary duties of the audit committee are review and advice on the accounting principles and practice adopted by the Group, auditing, financial reporting process and internal control system of the Group, including review of the Group's unaudited interim accounts for the six months ended 30 September 2007.

DISCLOSURE OF INFORMATION ON WEBSITES

Detailed information required by paragraphs 46 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange and the Company in due course.

By Order of the Board
Lai Yiu Keung
Chairman and Managing Director

Hong Kong, 21 December 2007

** for identification only*

As at the date hereof, the executive directors of the Company are Mr. Lai Yiu Keung, Mr. Kwok Chong, Anthony, Mr. Lai Man Kon, Mr. Liu Shun Chuen, Mr. Wan Tak Wing, Peter and Mr. Yeung Sau Chung, the non-executive director of the Company is Ms. Ho Yee Lin, Elaine and the independent non-executive directors of the Company are Mr. Li Mow Ming, Sonny, Mr. Chan Kwok Kay, Mr. Ng Wai Hung and Ms. Tam Chi Ling, Elaine.
