HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0499)

RESULTS ANNOUNCEMENT FOR YEAR ENDED 31 MARCH 2008

The Board of Directors (the "Board") of HyComm Wireless Limited (the "Company") announces that the audited consolidated results for the year ended 31 March 2008 of the Company and its subsidiaries (collectively referred to as the "Group") together with the comparative figures for the previous corresponding year are as follows:–

Consolidated Income Statement
Year ended 31 March 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*2*	**11,062**	13,206
Other operating income		**3,994**	439
		15,056	13,645
Operating costs		**(13,920)**	(11,682)
Staff costs		**(5,008)**	(6,242)
Amortisation of prepaid lease payments		**(40)**	(71)
Surplus/(Deficit) arising from revaluation of investment properties		**(8,100)**	18,250
Surplus arising from revaluation of properties, plant and equipment		**27**	285
Impairment loss recognised in respect of interests in leasehold land held for own use under operating leases		**–**	(13,936)
Impairment loss recognised in respect of other assets		**–**	(336)
		(27,041)	(13,732)
Loss from operating activities	*3*	**(11,985)**	(87)
Profit on disposal of rural land exploitation right		**800**	–
Profit on disposal of available-for-sale financial assets		**17,880**	–
Impairment loss recognised in respect of available-for-sale financial assets	*4*	**(27,431)**	–
Loss on disposal of a subsidiary		**(44)**	(480)
Finance costs	*5*	**(7,641)**	(6,815)
		(28,421)	(7,382)
Share of results of associates		**(15)**	(2)
Loss before taxation		**(28,436)**	(7,384)
Taxation	*6*	**152**	219
Loss for the year		**(28,284)**	(7,165)

* *for identification purpose only*

	Notes	**2008** ***HK$'000***	2007 *HK$'000*
Attributable to:			
Equity shareholders of the Company		**(29,158)**	(8,509)
Minority interests		**874**	1,344
Loss for the year		**(28,284)**	(7,165)
		Cents	*Cents*
Loss per share			
Basic	*7*	**(0.88)**	(0.29)
Diluted	*7*	**(0.57)**	–

Consolidated Balance Sheet
At 31 March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Non-current assets			
Investment properties		**189,900**	216,000
Properties, plant and equipment		**5,844**	7,600
Interests in leasehold land held for own use under operating leases		**13,175**	13,215
Interest in associates		**1,965**	2,812
Available-for-sale financial assets		**61,808**	13,537
		272,692	253,164
Current assets			
Receivables, deposits and prepayments	*8*	**54,698**	1,143
Bank and cash balances		**201,917**	642
		256,615	1,785
Current liabilities			
Payables and accrued charges	*9*	**20,075**	22,904
Deposits received		**22,902**	1,115
Amount due to a director		**11,805**	17,244
Bank and other borrowings – due within one year		**60,802**	20,596
Taxes payable		**1,422**	1,148
		117,006	63,007
Net current assets/(liabilities)		**139,609**	(61,222)
Total assets less current liabilities		**412,301**	191,942
Non-current liabilities			
Bank and other borrowings – due after one year		**59,030**	72,255
Deferred tax liabilities		**3,759**	4,185
Convertible notes	*10*	**137,674**	–
		200,463	76,440
Net assets		**211,838**	115,502
Capital and reserves			
Share capital		**416,064**	298,064
Share premium and reserves		**(207,383)**	(184,845)
Total equity attributable to equity shareholders of the Company		**208,681**	113,219
Minority interests		**3,157**	2,283
Total equity		**211,838**	115,502

Consolidated Statement of Changes in Equity

	2008		2007	
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Total equity at beginning of the year		**115,502**		111,780
Net income recognised directly in equity:				
Changes in fair value of available-for-sale financial assets		**–**		10,887
Net income for the year recognised directly in equity		**–**		10,887
Transfers from equity:				
Transfer to income statement on disposal of available-for-sale financial assets		**(10,772)**		–
Loss for the year		**(28,284)**		(7,165)
Total recognised income and expense for the year		**(39,056)**		3,722
Attributable to:				
Equity shareholders of the Company	**(39,930)**		2,378	
Minority interests	**874**		1,344	
	(39,056)		3,722	
Movements in equity arising from capital transactions:				
Shares issued		**118,000**		–
Increase in share premium		**7,515**		–
Equity component of convertible notes		**9,877**		–
		135,392		–
Total equity at end of the year		**211,838**		115,502

Notes:–

(1) Significant accounting policies

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in the financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendments to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as set out below.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosures given the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standards or interpretations that are not yet effective for the current accounting period.

(2) Segmental information

Analysis of the Group's turnover and contribution therefrom for the year are as follows:

	Turnover		Contribution to profit/(loss) before taxation	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Leasing of properties	**4,934**	5,556	**(303)**	1,217
Income from short message services	**5,983**	7,323	**2,407**	3,361
Sale of goods	**145**	327	**(1,617)**	(1,670)
	11,062	13,206	**487**	2,908
Unallocated other income			**3,719**	23
Unallocated corporate expenses			**(8,078)**	(7,210)
Amortisation of prepaid lease payments			**(40)**	(71)
Surplus/(Deficit) arising from revaluation of investment properties			**(8,100)**	18,250
Surplus arising from revaluation of properties, plant and equipment			**27**	285
Impairment loss recognised in respect of interests in leasehold land held for own use under operating lease			**–**	(13,936)
Impairment loss recognised in respect of available-for-sale financials assets			**(27,431)**	**–**
Impairment loss recognised in respect of other assets			**–**	(336)
Profit on disposal of rural land exploitation right			**800**	–
Profit on disposal of available-for-sale financial assets			**17,880**	–
Loss on disposal of a subsidiary			**(44)**	(480)
Finance costs			**(7,641)**	(6,815)
Share of results of associates			**(15)**	(2)
Loss before taxation			**(28,436)**	(7,384)

Most of the activities of the Group are based in Hong Kong and most of the Group's turnover and the loss before taxation are mainly derived from Hong Kong.

(3) Loss from operating activities

The Group's loss from operating activities has been arrived at after charging:

	2008	2007
	HK$'000	*HK$'000*
Auditor's remuneration		
Audit services	**695**	495
Other services	**171**	–
Staff costs (including directors' emoluments)	**5,008**	6,242
Depreciation	**1,902**	2,514
Operating lease charges in respect of rented premises	**1,154**	1,154

(4) Impairment loss recognised in respect of available-for-sale financial assets

As at 31 March 2008, the Group's available-for-sale financial assets were individually determined to be impaired for HK$27,431,000 on the basis of declines in their fair values below cost and adverse changes in the market in which the investees operate which indicate that the cost of the Group's investments in such assets may not be recovered.

(5) Finance costs

	2008	2007
	HK$'000	*HK$'000*
Finance costs comprise:		
Interest expense on:		
Bank borrowings wholly repayable within five years	**3,643**	4,406
Bank borrowings wholly repayable more than five years	**1,818**	2,353
Other borrowings	**2,180**	56
Total interest expense on financial liabilities not at fair value through the income statement	**7,641**	6,815

(6) Taxation

	2008	2007
	HK$'000	*HK$'000*
The credit/(charge) comprises:		
Hong Kong Profits Tax	**(274)**	–
Deferred tax	**426**	219
	152	219

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the year.

Reconciliation between taxation and loss before taxation at applicable tax rates:

	2008	2007
	HK$'000	*HK$'000*
Loss before taxation	**(28,436)**	(7,384)
Notional tax on loss before taxation, calculated at the statutory rates of 17.5%	**(4,976)**	(1,292)
Tax effect of non-deductible expenses	**6,827**	113
Tax effect of non-taxable revenue	**(1,306)**	(3,232)
Tax effect of unused tax losses not recognised	**734**	2,235
Tax effect of prior year tax losses utilised this year	**(151)**	(855)
Tax effect of temporary differences not recognised	**(1,280)**	2,812
Taxation for the year	**(152)**	(219)

(7) Loss per share

The calculation of basic loss per share for the year ended 31 March 2008 is based on the loss attributable to equity shareholders of the Company of approximately HK$29,158,000 (2007: HK$8,509,000) divided by the weighted average number of 3,326,185,463 shares (2007: 2,980,639,015 shares) in issue during the year.

The calculation of diluted loss per share for the year ended 31 March 2008 is based on the loss attributable to equity shareholders of the Company of approximately HK$27,426,000 (2007: HK$8,509,000) divided by the weighted average number of 4,826,185,463 shares (2007: 2,980,639,015 shares) in issue during the year.

(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$242,000 (2007: HK$204,000). The aging analysis of trade receivable is as follows:

	2008	2007
	HK$'000	*HK$'000*
Current	**168**	98
One to three months overdue	**43**	104
Over three months overdue	**31**	2
	242	204

(9) Payables and accrued charges

Included in payables and accrued charges are trade payables of HK$4,819,000 (2007: HK$4,770,000). The aging analysis of trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Current	**4**	108
Over one month but less than three months	**–**	113
Over three months	**4,815**	4,549
	4,819	4,770

(10) Convertible notes

HK$150,000,000 secured convertible notes were issued by the Company on 4 February 2008. Each note entitles the holder to convert to one ordinary share at a conversion price of HK$0.10. Conversion may occur at any time between 4 February 2008 to 3 February 2011. The Company can redeem the notes at a value equal to 105% of the principal amount. Interest of 5% per annum will be paid annually in arrear.

The convertible notes contain two components identified as the liability and equity elements. The effective interest rate for the liability component is 5.291%.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2008 (2007: nil).

REVIEW AND PROPSPECTS

During the year ended 31 March 2008, 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 year of approximately HK$11.1 million and loss for the year of approximately HK$28.3 million. Loss for the year was mainly due to the impairment loss arising in respect of available-for-sale financial assets and deficit arising from revaluation of investment properties during the year.

Business review and prospects

During the period under review, the decrease in turnover by approximately HK$2.1 million was mainly attributable to decrease in income from short message services by approximately HK$1.3 million and decrease in rental income by approximately HK$0.6 million. The record of loss for the year of approximately HK$28.3 million was mainly due to the impairment loss arising in respect of available-for-sale financial assets of HK$27.4 million and deficit arising from revaluation of investment properties of HK$8.1 million during the year. The investment properties have, to certain extent, continued to contribute to the Group.

It is expected that the property market, particularly in the residential sector, in Hong Kong will remain stable in future. The Board will review its investment portfolio from time to time to enhance the value of the Group. Moreover, it is expected that property investment and short message services businesses remain to provide stable earning base for the Group. On the other hand, it is the mission of the Group to strengthen and diversify the income streams. The Group has set up new businesses in area of provision of loan financing and the operation of leasing of car parking spaces, which both in return provide stable interest income and rental income.

Corporate Moves

On 27 July 2007, the Group entered into a sale and purchase agreement to purchase a right to operate the cultivated land, forestry land, grassland and land for other agricultural uses in the Guangdong Province, PRC in consideration of HK$58,000,000, which was settled by the net proceed of the placing of 320,000,000 new shares of the Company at HK$0.126 each and internal resources. Subsequently, on 5 March 2008, a sale and purchase agreement was entered to dispose of the rights in consideration of HK$58,800,000.

On 13 August 2007 and 18 December 2007, sale and purchase agreements were entered to dispose properties situation on Yu Lok Lane and Bonham Strand respectively. For details, please refer to the circulars dated 4 September 2007 and 5 February 2008 respectively.

Pursuant to the share acquisition agreement dated 24 August 2007, the Group acquired in aggregate of 7.5% issued share capital of Corning Investments Limited, which principal is engaged in the business of outdoor television advertising, in consideration of HK$27,000,000, which was satisfied by allotment and issue of 270,000,000 new shares of the Company at an issue price of HK$0.1 each to the vendors. As the business is at development stage, for prudent basis, a provision of HK$4.5 million was made.

Pursuant to the resolutions passed by shareholders of the Company held on 16 November 2007, the secured convertible note in principal of HK$150,000,000 was issued on 4 February 2008. The secured convertible note will be mature on 2011, bears an interest rate of 5% per annum, and has the conversion right to convert into share of the Company at conversion price of HK$0.1 each (subject to adjustment).

On 12 March, 2008, the Company entered into the subscription agreement with Regal Power Investments Limited ("Regal Power") agreed to allot and issue an aggregate of 590,000,000 new shares of the Company at an issue price of HK$0.10 each. The subscription price was satisfied by Regal Power procured to transfer 130,386,800 shares of Tomorrow Interantional Holdings Limited which is listed in The Stock Exchange of Hong Kong Limited (Stock Code: 760) at a price of approximately HK$0.4525 each to the Company.

Liquidity, financial resources, pledge of assets and contingent liabilities

The Group has bank and cash balance of approximately HK$201,917,000 as at 31 March 2008. The Group's major liabilities are the convertible notes and borrowings. The outstanding balance of convertible notes and total borrowings, at 31 March 2008, amounted to approximately HK$137,674,000 and HK$119,832,000.

During the year, upon the issuance of secured convertible notes on 4 February 2008, the Group's gearing level (total liabilities less cash and bank balance over equity attributable to the shareholders of the Company) has decreased from 1.23 at 31 March 2007 to 0.55 at 31 March 2008. The borrowings outstanding at 31 March 2008 are secured by certain properties held by the Group and denominated in Hong Kong dollar only. Currently, the Group has a contingent liability in respect of legal claim. On 17 May 2008, a writ was filed by Yung Yu Ping (the "Plaintiff") against the Company in the High Court claiming the sum of HK$58,000,000 (the "Litigation"). The Company had instructed lawyers to deal with the matter and filed a defence on 10 July 2008. These financial statements did not make any provision in respect of this claim owing to the uncertainties and unforeseeable outcome of the case. Further announcement will be made as and when applicable to update shareholders and investors of the status of the Litigation. 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 2008, the Group had 10 staff. In addition to the basic salary, employees are rewarded with performance-related bonuses, other staff welfare and also a share option scheme will be made available to certain staff of the Group at the discretion of the Board.

CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes effort to identifying and formalising best practices. The Company has applied the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except of the following deviations.

CG Code provision A.2.1 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Given its relative size, 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 also 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 facilitate the Company in meeting the rapidly changing business environment demands which necessitates prompt and efficient decision-making.

CG Code provision A.4 states that every director should be appointed for a specific term and 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 the 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. The Board is in the opinion that the continuity of office of the chairman and/or managing director provides the Group with strong and consistent leadership and smoothes operations. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the CG Code.

CG Code provision B.1.1 states that companies should establish 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 provide benefit after due consideration of the size of the Group and the associated costs involved.

The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the CG Code as and when considered appropriate.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having make specific enquiries of all directors of the Company, they have confirmed that they complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or its subsidiaries during the year.

DIRECTORS

As at the date of this announcement, the executive directors are Mr. Lai Yiu Keung, Mr. Liu Shun Chuen, and Mr. Yeung Sau Chung and the independent non-executive directors are Mr. Ng Wai Hung, Mr. Wu Wang Li and Mr. Jacobsen William Keith.

In accordance with bye-law 86(2) of the Company, Mr. Liu Shun Chuen, Mr. Yeung Sau Chung, Mr. Wu Wang Li, Mr. Ng Wai Hung and Mr. Jacobsen William Keith will retire from office at forthcoming annual general meeting and, being eligible offer themselves for re-election. Mr. Liu Shun Chuen, Mr. Yeung Sau Chung, Mr. Wu Wang Li, Mr. Ng Wai Hung and Mr. Jacobsen William Keith will be entitled to have a director fee of HK$442,000, HK$520,000, HK$120,000, HK$120,000 and HK$120,000 respectively.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and reports to the Board. The primary duties of the audit committee are to review and advise on the accounting principles and practices adopted by the Group, auditing, financial reporting process and internal control system of the Group, including review of the results for the year ended 31 March 2008. The audit committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

An annual report of the Company for the year ended 31 March 2008 containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the websites of the Company (http://www.hycomm-wireless.com) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) in due course.

By Order of the Board
Lai Yiu Keung
Chairman

Hong Kong 25 July 2008