

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

# **HyComm**

**華脈無線通信有限公司\***

**HYCOMM WIRELESS LIMITED**

*(incorporated in Bermuda with limited liability)*

**SHARE TRANSACTION**

**PROPOSED ACQUISITION OF 60% EQUITY INTEREST IN GLOBAL EDGE TECHNOLOGY LIMITED**

**Financial adviser to the Company**

## **TANRICH**

TANRICH CAPITAL LIMITED

The Directors are pleased to announce that on 27 June 2003, the Purchaser entered into the Acquisition Agreement with the Vendors and the Warrantors for the purchase of approximately 60% of the issued share capital in Global Edge from the Vendors. The Consideration for the Acquisition Agreement amounts to HK\$15,000,000 which will be fully satisfied by the issue and allotment of 150,000,000 Consideration Shares at an Issue Price of HK\$0.10 per Share.

Global Edge Group is principally engaged in the operation, management and development of short message service, technologies and other related services used by telecom network operators in Hong Kong.

The Consideration Shares represent about 5.3% of the existing issued share capital of the Company of 2,823,139,015 Shares and about 5.0% of the enlarged issued share capital of the Company following the issue of the Consideration Shares and Agency Shares.

### **THE ACQUISITION AGREEMENT**

#### **Date of the Acquisition Agreement**

27 June 2003

#### **Parties to the Acquisition Agreement**

Purchaser: MobiData Incorporated, an indirect wholly owned subsidiary of the Company.

Vendors: Wintech Asia Limited, Good Value International Limited and Heston Management Limited.

Warrantors: Vendors and the beneficial owners of the Vendors.

Each of the Vendors, Warrantors and their respective beneficial owners or their respective associates are not connected persons (as defined in the Listing Rules) to the Company. Certain ultimate beneficial owners of Vendors are holding in aggregate 38,244,000 Shares, representing about 1.4% of the existing share capital of the Company, as at the date of this announcement.

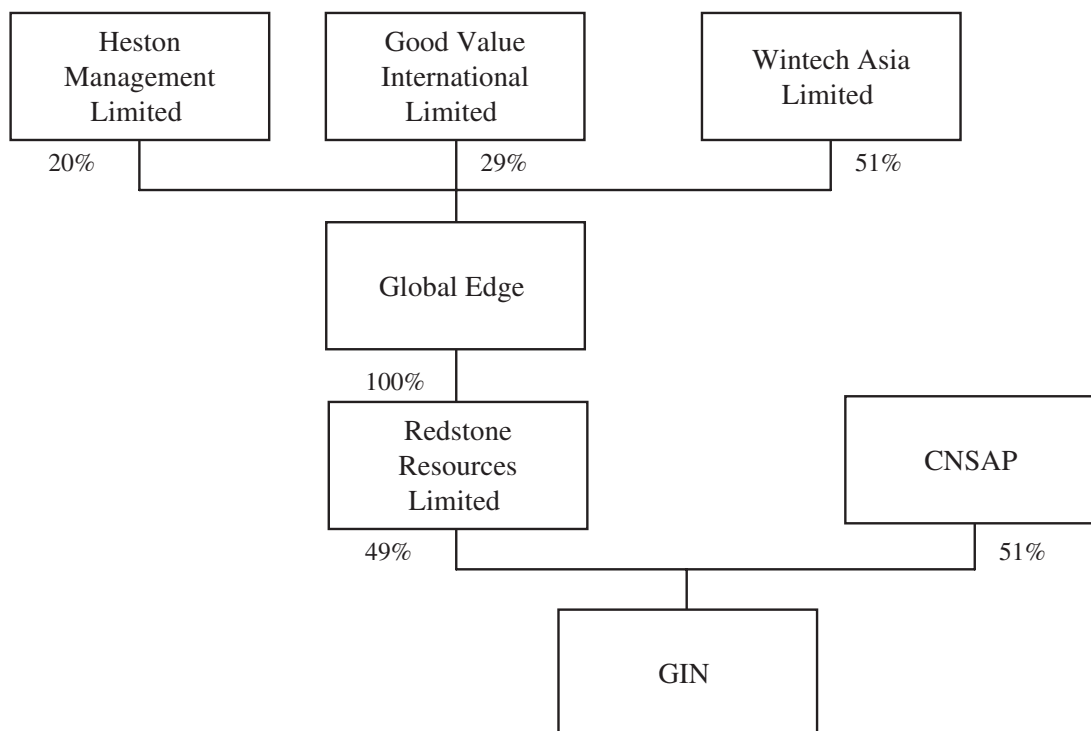
Following Completion, Global Edge will be owned by the Purchaser, Wintech Asia Limited, Good Value International Limited and Heston Management Limited as to approximately 60%, 20.4%, 11.6% and 8.0% respectively.

#### **Interest to be acquired**

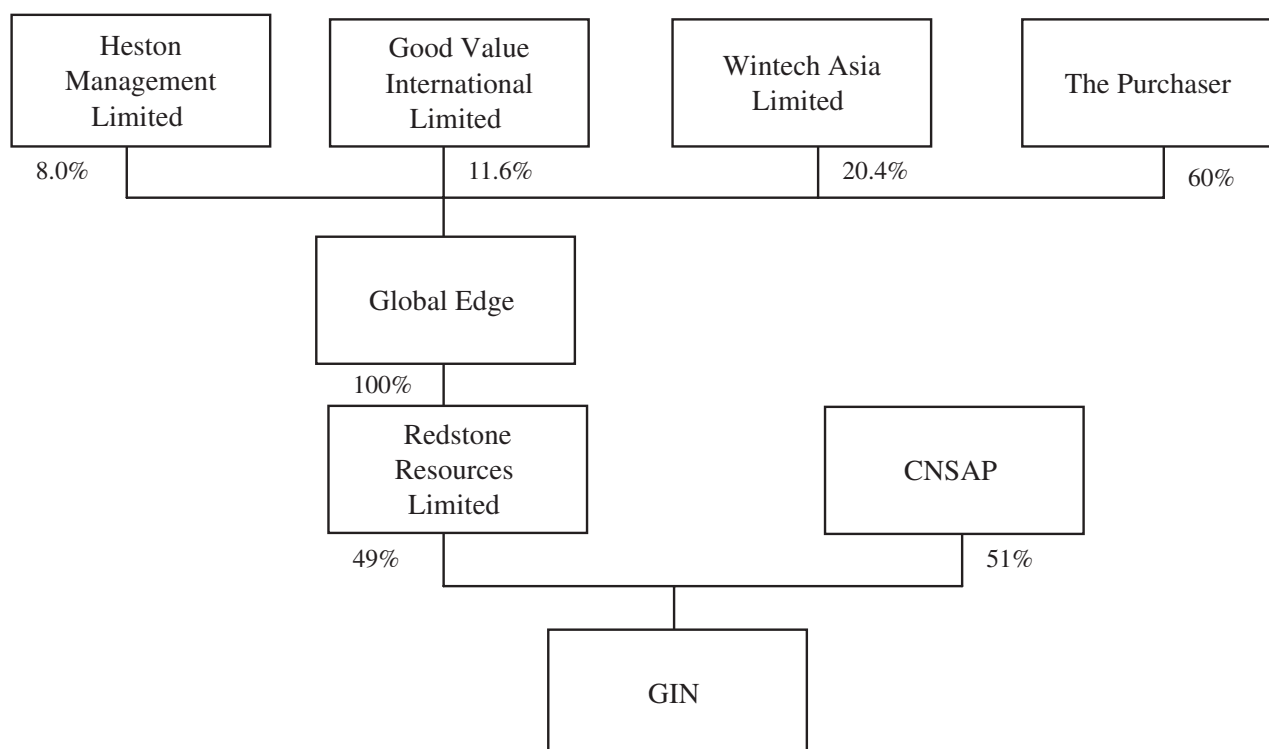
Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire approximately 60% of the issued share capital in Global Edge, which, through its subsidiary, holds 49% equity interest in GIN.

#### **Shareholding structure of Global Edge before and after Completion**

(i) Before the Completion:



(ii) After the Completion:



### Consideration

The Consideration payable by the Purchaser to the Vendors for the Acquisition amounts to HK\$15,000,000 which will be fully settled by the issue and allotment of 150,000,000 Consideration Shares at an Issue Price of HK\$0.10 per Share. The amount of Consideration and other terms of the Acquisition Agreement have been arrived at after arm's length negotiations between the Purchaser and the Vendors, taking into account (i) based on the unaudited consolidated accounts of Global Edge Group as at 31 March 2003, the proforma adjusted consolidated net assets of Global Edge Group of about HK\$8.7 million as at 31 March 2003 after capitalization of the shareholders' loan of US\$823,334 (equivalent to approximately HK\$6.4 million) before Completion; (ii) the net profit was approximately HK\$2.2 million for the six months ended 31 March 2003 (based on the unaudited consolidated accounts of Global Edge Group); (iii) the 2003 Performance Guarantee given by the Warrantors that the EBITDA of Global Edge Group for the financial year ending 30 September 2003 will not be less than HK\$3 million; and (iv) the future prospects of short message services business.

The Consideration Shares represent about 5.3% of the existing issued share capital of the Company, and about 5.0% of the enlarged issued share capital of the Company following the issue of the Consideration Shares and Agency Shares. The Consideration Shares has market value of HK\$9,150,000, based on the closing price of HK\$0.061 of the Shares as at the date of this announcement.

The Issue Price represents a premium of about 63.9% above the closing price of the Shares of HK\$0.061 on 27 June 2003, the last trading day prior to the release of this announcement. The Issue Price also represents a premium of about 53.8% above the 10-day average closing price of about HK\$0.065 per Share prior to the release of this announcement. The Consideration Shares and the Agency Shares could not be issued below the par value of HK\$0.10 the Shares under Bermuda Laws.

### **Conditions of the Acquisition Agreement**

Completion of the Acquisition Agreement is conditional upon, amongst others:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the Agency Shares under the Acquisition Agreement and the Agency Agreement respectively;
- (b) the completion of due diligence inquiries by the Purchaser into the legal, corporate, financial, accounting position and the title of assets including intellectual property of Global Edge Group to the satisfaction of the Purchaser;
- (c) if necessary, the Bermuda Monetary Authority granting its consent to the allotment and issue of the Consideration Shares and the Agency Shares; and
- (d) the completion of a capitalisation of an aggregate amount of US\$823,334 (equivalent to approximately HK\$6.4 million) of shareholders' loans outstanding from Global Edge to the Vendors.

The Purchaser may waive any of the conditions above under the Acquisition Agreement. However, the Purchaser confirmed that it would not waive the condition in (a) above. The Vendors or the Warrantors do not have any rights to waive any of the conditions above under the Acquisition Agreement.

### **Completion of the Acquisition Agreement**

Subject to the fulfillment or waiver of all the above conditions, Completion shall take place on five business days after fulfillment (or waiver) of the above conditions (or such later time and date as the Purchaser and the Vendors may agree in writing). If any of the above conditions is not fulfilled or waived on or before 31 July 2003 (or such other date as may be agreed in writing between the parties), the Acquisition Agreement shall lapse and be of no further effect.

### **Performance Guarantee**

In the event that the EBITDA of Global Edge Group calculated and/or extracted from the audited consolidated accounts of Global Edge Group for the financial year ending 30 September 2003 is less than HK\$3 million, without prejudice to other rights and relief of the Company, the Warrantors shall compensate a liquidated sum to the Company within seven business days after completion of the audited consolidated accounts of Global Edge Group for the financial year ending 30 September 2003.

The compensation payable to the Purchaser by the Warrantors is calculated as follows:

$$C = (\text{HK\$}3,000,000 - E) \times \text{HK\$}25,000,000 / \text{HK\$}3,000,000 \times 60\%$$

Whereas: C = the amount of compensation

E = EBITDA of the Global Edge Group calculated and/or extracted from the audited consolidated accounts of the Global Edge Group for the financial year ending 30 September 2003

### **Commission**

Pursuant to the Agency Agreement, the Purchaser is required to pay Maxfinance International Limited an agency fee in an amount of HK\$750,000, being 5% of the Consideration for introducing to the Company the transactions contemplated under the Acquisition Agreement. The agency fee is to be paid and satisfied by the allotment and issue of 7,500,000 Agency Shares, credited as fully paid at an issue price of HK\$0.10, to Maxfinance International Limited at Completion. The Agency Shares represent about 0.27% of the existing issued share capital of the Company of 2,823,139,015 Shares and about 0.25% of the enlarged issued share capital of the Company following the issue of the Consideration Shares and Agency Shares. The issue price of the Agency Shares is the same as the issue price of the Consideration Shares. The Agency Shares has market value of HK\$457,500, based on the closing price of HK\$0.061 of the Shares as at the date of this announcement.

Maxfinance International Limited and its beneficial owner, Mr. Dy Chun Shek, are not connected persons (as defined in the Listing Rules) to the Company, or any of the Vendors and their respective beneficial owners. Maxfinance International Limited and its beneficial owner or any of its associates, do not at present hold any share in the Company and do not have any prior shareholding in the Company.

### Dilution Effect

The table below shows the dilution effect on the approximate shareholdings of the Company upon Completion of the Acquisition Agreement and Agency Agreement.

Shareholder(s)	Before the issue of the Consideration Shares and the Agency Shares		After the issue of the Consideration Shares and the Agency Shares	
	No. of Shares	Percentage	No. of Shares	Percentage
Lai Yiu Keung and Chung Lai Ha	391,700,000	13.87%	391,700,000	13.14%
Tsui Tack Kong	43,397,500	1.54%	43,397,500	1.46%
Sun Zheng Quan and Ye Yanping	374,519,995	13.27%	374,519,995	12.56%
Ng Wo Sui, Norman and Khamkoon Khamseng	365,480,005	12.94%	365,480,005	12.26%
Wintech Asia Limited and its beneficial owners ( <i>Note 1</i> )	22,734,000	0.81%	99,234,000	3.33%
Good Value International Limited and its beneficial owners ( <i>Note 2</i> )	15,510,000	0.55%	59,010,000	1.98%
Heston Management Limited	–	–	30,000,000	1.01%
Maxfinance International Ltd.	–	–	7,500,000	0.25%
Other public shareholders	1,609,797,515	57.02%	1,609,797,515	54.01%
<b>Total</b>	<b>2,823,139,015</b>	<b>100.00%</b>	<b>2,980,639,015</b>	<b>100.00%</b>

#### Notes:

- 1) The beneficial owners of Wintech Asia Limited hold in aggregate 22,734,000 Shares as at the date of this announcement.
- 2) The beneficial owners of Good Value International Limited hold in aggregate 15,510,000 Shares as at the date of this announcement.

### Ranking of Shares

The Consideration Shares and Agency Shares, when fully paid and issued, will rank pari passu in all respects with the existing Shares in issue.

### Issue of Shares

The Consideration Shares and Agency Shares will be issued under the existing general mandate to issue up to 450,827,803 Shares, representing 20% of the then issued shares of the Company, granted to the Directors at the annual general meeting of the Company held on 25 September 2002. Up to the date of this announcement, the Directors have issued 200,000,000 Shares for placing under the existing general mandate as disclosed in the announcement of the Company dated 18 December 2002.

### Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Agency Shares.

### INFORMATION ON GLOBAL EDGE AND GIN

Global Edge Group is principally engaged in the operation, management and development of short message service, technologies and other related services being used by telecom network operators in Hong Kong. As at the date of the Acquisition Agreement, Global Edge is owned as to 51% by Wintech Asia Limited, as to 29% by Good Value International Limited and as to 20% by Heston Management Limited.

In December 2001, transmission of short messages services amongst mobile telecom networks in Hong Kong was enabled and supported by CNSAP's IOSMS solution and its intelligent short message service center. In October, 2002, Global Edge and CNSAP formed GIN to take up the business of IOSMS solution in Hong Kong. Currently, all mobile network operators in Hong Kong have connected to IOSMS solution. GIN is the major operating company of Global Edge Group. In addition, Global Edge Group possesses relevant telecom equipment and experience in development of short message service and entered into an exclusive outsourcing contract with GIN, pursuant to which Global Edge receives 99% net income generated by GIN for provision of operation and management services to GIN.

Based on the unaudited consolidated accounts of Global Edge Group, the proforma adjusted consolidated net assets of Global Edge Group as at 31 March 2003 after capitalization of the shareholders' loan of US\$823,334 (equivalent to about HK\$6.4 million) before Completion will be about HK\$8.7 million and the net profit was approximately HK\$2.2 million for the six months ended 31 March 2003.

Global Edge Group will focus on strategy to enhance usage of short messages services in Hong Kong and continuously establish IOSMS solution as a platform to interconnect with more telecom operators including mobile virtual network operators, fixed network operators and 3G operators in Hong Kong and the PRC. The Purchaser will retain major management of Global Edge Group and will appoint additional directors to the board of Global Edge upon Completion.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in the business of sale of properties, leasing of properties, and trading of communication products.

Since 1999, the Group has gradually re-engineered its business with several acquisitions in high technology and telecommunications businesses. These investments have allowed the Group to diversify into a broad range of technology-related businesses which include wireless data and wireless IP solutions, Internet technology services, residential data networks and telecom and data communications in Hong Kong and the PRC. In September 2002, the Group has acquired 37.04% interest in Tekson International Telecom Limited ("Tekson"), which together with its subsidiaries, are engaged in the provision of support services of short message services business and other data networks and telecom and data communications in Hong Kong and the PRC.

Upon Completion, Global Edge will become a non-wholly owned subsidiary of the Group. Accordingly, the Directors believe that the Acquisition will contribute positively to the future development and growth of the Group through the broadening of the income base and asset value of the Group and in line with the Group's strategy to continue its business re-engineering and diversification into new business opportunities. The Directors also believe that the terms of the Acquisition Agreement are fair and reasonable to the shareholders of the Company and on normal commercial terms. Further, the short message services business of Global Edge Group possesses high growth potential in Hong Kong and the PRC and will have synergy effect with the Group's investment in Tekson. The Acquisition will diversify the earnings base and assets base of the Group, which will be beneficial to the Group and its shareholders as a whole.

## **TERMS USED IN THIS ANNOUNCEMENT:**

"2003 Performance Guarantee"	the guarantee of the audited consolidated EBITDA of not less than HK\$3 million of Global Edge Group for the financial year ending on 30 September 2003 provided by the Warrantors
"Acquisition"	the acquisition by the Purchaser of approximately 60% equity interest in Global Edge from the Vendors pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement dated 27 June 2003 made between the Purchaser, the Vendors and the Warrantors in relation to the Acquisition
"Agency Agreement"	the agreement dated 22 May 2003 and supplemented by agreement dated 27 June 2003 between the Purchaser and Maxfinance International Limited relating to the appointment of Maxfinance International Limited as agent of the Purchaser in connection with the Acquisition, pursuant to which the Purchaser agreed to pay Maxfinance International Limited 5% of the Consideration as agency fee
"Agency Share(s)"	7,500,000 Shares to be allotted and issued to Maxfinance International Limited at the Issue Price in payment and satisfaction of the agency fee of HK\$750,000, being 5% of the Consideration
"Board"	the board of Directors
"CNSAP"	Comverse Network Systems Asia Pacific Limited, a company incorporated in Hong Kong with limited liabilities
"Company"	HyComm Wireless Limited, the Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition Agreement
"Completion Date"	the date of Completion being the five business days after the Acquisition Agreement has become unconditional (or such other date as the Purchaser and the Vendors shall agree in writing)

“Consideration”	the aggregate purchase price of HK\$15,000,000 for the Acquisition
“Consideration Share(s)”	150,000,000 Shares to be allotted and issued to the Vendors at the Issue Price in payment and satisfaction of the Consideration
“Director(s)”	the directors of the Company
“EBITDA”	Earnings from operating activities before interest, taxation, depreciation and amortisation
“GIN”	GIN International Limited, a company incorporated in Hong Kong with limited liabilities and being owned as to 49% by Global Edge and as to 51% by CNSAP
“Global Edge”	Global Edge Technology Limited, a company incorporated in British Virgin Islands with limited liabilities
“Global Edge Group”	Global Edge, its subsidiary and GIN
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IOSMS”	Inter-operator short message services, which allows exchange of short messages transparently across mobile telecom networks
“Issue Price”	the issue price of HK\$0.10 per Consideration Share
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	MobiData Incorporated, an indirect wholly owned subsidiary of the Company incorporated in the British Virgin Islands
“Share(s)”	Shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Wintech Asia Limited, Good Value International Limited and Heston Management Limited, being companies incorporated in the British Virgin Islands with limited liabilities
“Warrantors”	the Vendors and the ultimate beneficial owners of the Vendors

By Order of the Board  
**HYCOMM WIRELESS LIMITED**  
**Lai Yiu Keung**  
*Chairman*

Hong Kong, 27 June 2003

\* *for identification only*

Please also refer to the published version of this announcement in The Standard.