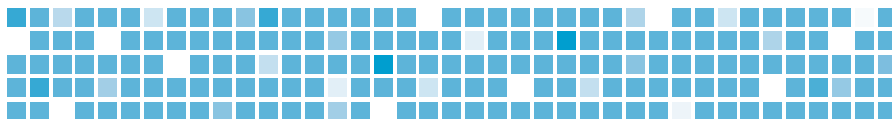


HyComm

HyComm Wireless Limited
華脈無線通信有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code : 499)

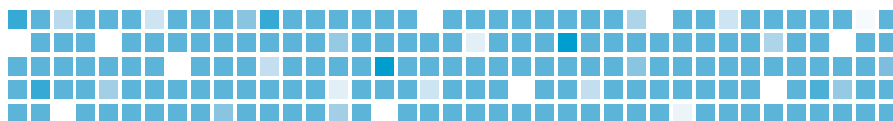




The Board of Directors (“Board”) of HyComm Wireless Limited (the “Company”) announces that the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2006 together with the comparative figures for the previous corresponding period are as follows:

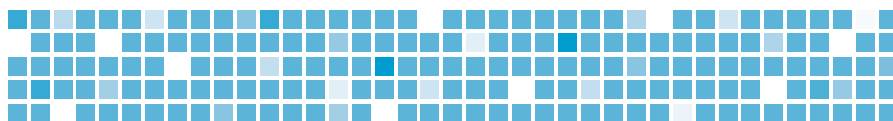
CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2006	2005
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	2	6,566	5,626
Other revenue		337	383
Operating costs		(6,210)	(6,590)
Staff costs		(3,123)	(3,243)
		<hr/>	<hr/>
Loss from operating activities	3	(2,430)	(3,824)
Loss on disposal of a subsidiary		(474)	–
Finance costs	4	(3,209)	(2,174)
Share of results of associates		(1)	(4)
		<hr/>	<hr/>
Loss before taxation		(6,114)	(6,002)
Taxation	5	(9)	(134)
		<hr/>	<hr/>
Loss for the period		(6,123)	(6,136)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity shareholders of the Company		(6,378)	(5,948)
Minority interests		255	(188)
		<hr/>	<hr/>
		(6,123)	(6,136)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share – basis	6	(0.21) cents	(0.20) cents
		<hr/> <hr/>	<hr/> <hr/>



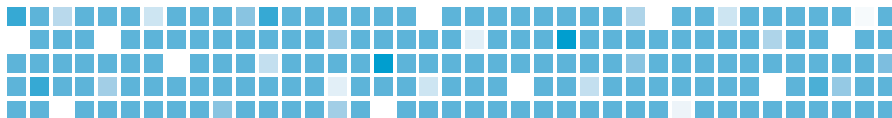
CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 September 2006 (Unaudited) HK\$'000	As at 31 March 2006 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties	7	197,750	206,750
Properties, plant and equipment	7	5,789	4,944
Interest in leasehold land held for own use under operating lease		27,186	27,222
Interest in associates		1,921	1,769
Available-for-sale financial assets		2,592	2,650
		<u>235,238</u>	<u>243,335</u>
CURRENT ASSETS			
Receivables, deposits and prepayments	8	1,244	1,161
Pre-paid taxation		3	–
Bank and cash balances		1,486	282
		<u>2,733</u>	<u>1,443</u>
CURRENT LIABILITIES			
Payables and accrued charges	9	15,998	16,480
Deposits received		933	783
Amount due to a director		8,764	416
Amounts due to former shareholders		4,295	4,295
Taxation		1,148	1,167
Bank borrowings – due within one year	10	22,088	21,710
Other borrowings – due within one year	11	651	632
		<u>53,877</u>	<u>45,483</u>
NET CURRENT LIABILITIES		<u>(51,144)</u>	<u>(44,040)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>184,094</u>	<u>199,295</u>
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year	10	73,857	82,555
Other borrowings – due after one year	11	225	556
Deferred tax liabilities		4,413	4,404
		<u>78,495</u>	<u>87,515</u>
		<u>105,599</u>	<u>111,780</u>
CAPITAL AND RESERVES			
Share capital	12	298,064	298,064
Share premium and reserves		(193,659)	(187,223)
		<u>104,405</u>	<u>110,841</u>
MINORITY INTERESTS		<u>1,194</u>	<u>939</u>
		<u>105,599</u>	<u>111,780</u>



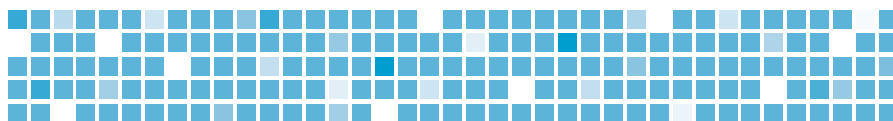
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Investment property revaluation reserve	Surplus account	Fair value reserve	Deficit	Minority interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2005								
As previously reported	298,064	491,426	16,674	255,025	-	(1,003,210)	263	58,242
Prior period adjustments in respect of changes in HKAS 17	-	-	-	-	-	17,600	-	17,600
As restated, before opening balance adjustments	298,064	491,426	16,674	255,025	-	(985,610)	263	75,842
Opening balance adjustment in respect of HKAS 40	-	-	(16,674)	-	-	16,674	-	-
As restated	298,064	491,426	-	255,025	-	(968,936)	263	75,842
Changes in fair value of available-for-sale financial assets	-	-	-	-	(173)	-	-	(173)
Loss for the period	-	-	-	-	-	(5,948)	(188)	(6,136)
At 30 September 2005	<u>298,064</u>	<u>491,426</u>	<u>-</u>	<u>255,025</u>	<u>(173)</u>	<u>(974,884)</u>	<u>75</u>	<u>69,533</u>
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>-</u>	<u>255,025</u>	<u>(173)</u>	<u>(939,937)</u>	<u>1,194</u>	<u>105,599</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(4,159)	(3,312)
NET CASH INFLOW FROM INVESTING ACTIVITIES	5,647	–
NET CASH OUTFLOW FROM FINANCING	(1,278)	(823)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	210	(4,135)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(10,671)	(7,046)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(10,461)	(11,181)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	1,486	738
Bank overdrafts	(11,947)	(11,919)
	(10,461)	(11,181)



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 2006 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 2006. 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.

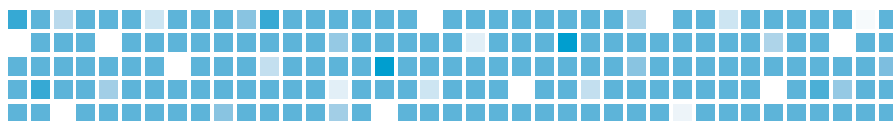
The Group has not yet applied the new/revised HKFRSs that have been issued but not yet been effective. The directors of the Company anticipated that the application of these new/revised HKFRSs will have no material impact on the financial statements of the Group.

(2) Segmental information

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

	Turnover		Contribution to loss from operating activities	
	Six months ended		Six months ended	
	30 September		30 September	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Gross rental income from investment properties	3,166	3,436	1,158	1,319
Income from short message services	3,340	2,149	640	(466)
Sales of goods and services	60	41	(866)	(1,051)
	<u>6,566</u>	<u>5,626</u>	<u>932</u>	<u>(198)</u>
Unallocated other revenue			11	68
Unallocated corporate expenses			(3,373)	(3,694)
Loss from operating activities			<u>(2,430)</u>	<u>(3,824)</u>

All of the activities of the Group are based in the People’s Republic of China (the “PRC”) and all of the Group’s turnover and the loss from operating activities are derived from the PRC, including Hong Kong.

**(3) Loss from operating activities**

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

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	2,220	2,239
Depreciation and amortisation	2,041	2,023
Operating lease payment in respect of rented premises	577	480
	<u>577</u>	<u>480</u>

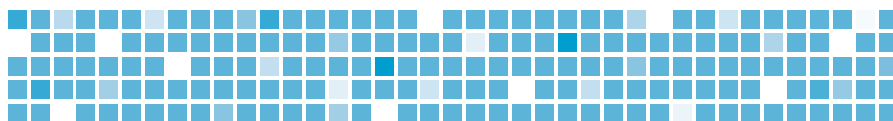
(4) Finance costs

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs comprise of:		
Interest expense on:		
Bank borrowings wholly repayable within five years	2,588	1,794
Bank borrowings wholly repayable more than five years	589	333
Other borrowings	32	47
	<u>3,209</u>	<u>2,174</u>

(5) Taxation

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
The credit (charge) comprises:		
Hong Kong Profits Tax	-	4
Taxation in other regions in the PRC	-	-
Deferred tax	(9)	(138)
	<u>(9)</u>	<u>(134)</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.



(6) Loss per share

The calculation of the basic loss per share is based on the loss for the period attributable to the equity shareholders of the Company of HK\$6,378,000 (2005: HK\$5,948,000) and on the weighted average number of 2,980,639,015 shares (2005: 2,980,639,015 shares) in issue during the period.

Diluted loss per share for the six months ended 30 September 2006 and 2005 has not been presented because no potential dilutive ordinary share existed during the period.

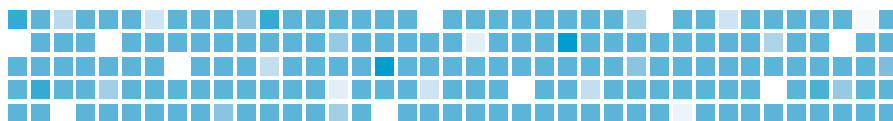
(7) Investment properties and properties, plant and equipment

During the period, the Group recorded a disposal of investment properties amounting to HK\$9,000,000 due to disposal of a subsidiary, but did not record any addition to investment properties. As at 30 September 2006, the directors have considered that the carrying amount of the Group's investment properties do not differ significantly from those which would be determined using fair values at last balance sheet date. Consequently, no revaluation surplus or deficit has been recognized in the current period. In addition, the Group also recorded approximately HK\$2.9 million on additions to properties, plant and equipment during the 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 debtors of HK\$93,000 (31 March 2006: HK\$128,000). The aging analysis of trade debtors is as follows:

	As at 30 September 2006 (Unaudited) HK\$'000	As at 31 March 2006 (Audited) HK\$'000
Current	73	87
Over 1 month but less than 3 months	18	40
Over 3 months	2	1
	<u>93</u>	<u>128</u>

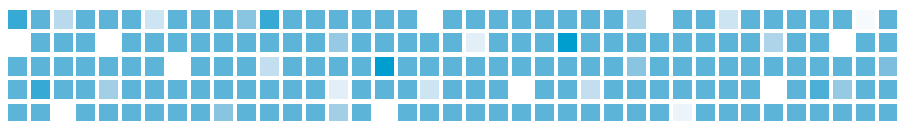
**(9) Payables and accrued charges**

Included in payables and accrued charges are trade creditors of HK\$4,569,000 (31 March 2006: HK\$4,978,000). The aging analysis of trade creditors is as follows:

	As at 30 September 2006 (Unaudited) <i>HK\$'000</i>	As at 31 March 2006 (Audited) <i>HK\$'000</i>
Current	—	—
Over 1 month but less than 3 months	—	—
Over 3 months	4,569	4,978
	<u>4,569</u>	<u>4,978</u>

(10) Bank borrowings

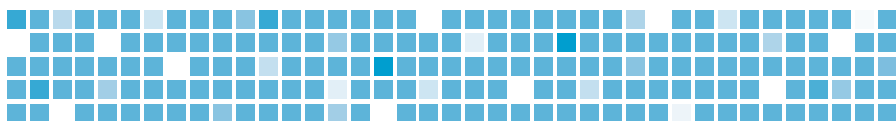
	As at 30 September 2006 (Unaudited) <i>HK\$'000</i>	As at 31 March 2006 (Audited) <i>HK\$'000</i>
Bank loans, secured	83,998	93,312
Bank overdrafts, secured	11,947	10,953
	<u>95,945</u>	<u>104,265</u>
The maturity of borrowings is as follows:		
Within one year or on demand	22,088	21,710
More than one year, but not exceeding two years	12,354	11,741
More than two years, but not exceeding five years	42,983	42,276
More than five years	18,520	28,538
	<u>95,945</u>	<u>104,265</u>
Amount due within one year or on demand included in current liabilities	<u>(22,088)</u>	<u>(21,710)</u>
Amount due after one year	<u>73,857</u>	<u>82,555</u>

**(11) Other borrowings**

	As at 30 September 2006 (Unaudited) HK\$'000	As at 31 March 2006 (Audited) HK\$'000
The maturity of borrowings is as follows:		
Within one year or on demand	651	632
More than one year, but not exceeding two years	225	556
More than two years, but not exceeding five years	-	-
More than five years	-	-
	<u>876</u>	<u>1,188</u>
Amount due within one year or on demand included in current liabilities	<u>(651)</u>	<u>(632)</u>
Amount due after one year	<u><u>225</u></u>	<u><u>556</u></u>

(12) Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Shares of HK\$0.10 each		
At 31 March 2006 (Audited) and 30 September 2006 (Unaudited)	<u>6,000,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 31 March 2006 (Audited) and 30 September 2006 (Unaudited)	<u>2,980,639,015</u>	<u>298,064</u>



(13) Related party transactions

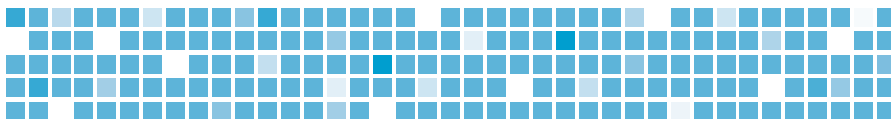
The Group entered into the following transactions with related parties during the six months ended 30 September 2006:

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental (paid to):		
Plotio Investment (HK) Limited	(492)	(480)
Service fee (paid to) received from:		
Keung Kee Cleaning Services Company Limited	–	–
Keung Kee Cleaning Services Company Limited	(10)	(14)
Lee Wai Engineering Company Limited	(8)	(3)
Monchase Underwriters Limited	(34)	(43)
Plotio Development Consultants Limited	–	(45)
Plotio Investment (HK) Limited	39	–
Plotio Property and Management Company Limited	–	40
Plotio Property and Management Company Limited	(123)	(193)
Plotio Property Consultants Limited	(263)	(238)

Note: Keung Kee Cleaning Services Company Limited, Lee Wai Engineering Company Limited, Monchase Underwriters Limited, Plotio Development Consultants Limited, Plotio Investment (HK) Limited, Plotio Property and Management Company Limited and Plotio Property Consultants Limited are companies beneficially held by Mr. Lai Yiu Keung, executive director of the Company.

(14) Comparative figures

Certain comparative figures have been restated and reclassified to conform with current period's presentation.



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2006 (2005: nil).

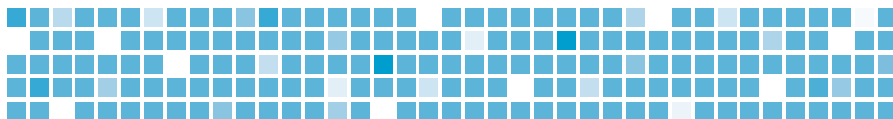
MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2006, 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\$6.6 million and loss for the period attributable to equity shareholders of the Company of approximately HK\$6.4 million.

Business review and prospects

During the period under review, the increase in turnover by about HK\$1 million is mainly attributable to the increase in income from short message services. The slight increase in loss for the period by about HK\$0.4 million was mainly due to that the increase in revenue was fully offset by the increase in interest expenses by about HK\$1 million and loss on disposal of a subsidiary of about HK\$0.5 million recorded during the period. During the period, the investment properties have continued to contribute to the Group and the Group has started certain renovation works in an investment property in Quarry Bay, namely Manly Plaza II, in order to attract more quality tenants and increase the potential value of this investment property. The renovation works have been completed subsequent to the period end date. The Group's other properties with development potentials are still in a planning stage.

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 to bring to the shareholders greater value.



Liquidity and financial resources, pledge of assets and contingent liabilities

The Group has bank and cash balances of approximately HK\$1,486,000 as at 30 September 2006. The Group's major liabilities are bank borrowings and its bank borrowings outstanding at 30 September 2006 amounted to approximately HK\$96 million, representing a decrease of approximately HK\$8 million as compared with the amounts outstanding at 31 March 2006. During the period, the Group's gearing level (total liabilities over total equity attributable to equity shareholders of the Company) changed from 1.20 at 31 March 2006 to 1.27 at 30 September 2006. The borrowings outstanding at 30 September 2006 is secured by certain properties held by the Group and denominated in Hong Kong dollar only. As at 30 September 2006, the Group has no material contingent liability and capital commitment. 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 30 September 2006, the Group had 13 employees in Hong Kong. In addition to 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.

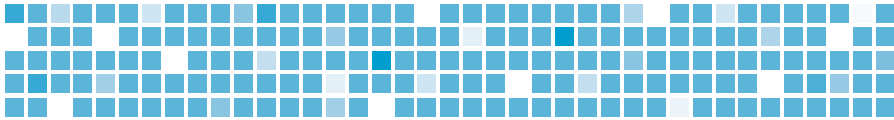
DIRECTORS' INTERESTS IN SHARES

As at 30 September 2006, the interests of directors and their associates in the share capital of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO were as follows:

Name of director	Type of interest	Number of shares held	Total number of shares held	Approximate percentage of shareholding in the Company
Mr. Lai Yiu Keung	Corporate (<i>Note 1</i>)	240,700,000		
	Personal	151,000,000	391,700,000	13.14%
Madam Chung Lai Ha	Family (<i>Note 1 and 2</i>)	391,700,000	391,700,000	13.14%

Notes:

- 210,700,000 shares are registered in the name of United Man's Limited, a company incorporated in the British Virgin Islands and the remaining 30,000,000 shares are registered in the name of Justgood Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of these two companies is beneficially owned by Mr. Lai Yiu Keung.



2. Madam Chung Lai Ha is the spouse of Mr. Lai Yiu Keung and is deemed to be interested in those shares of the Company in which Mr. Lai Yiu Keung has an interest.

In addition to the above, the following directors beneficially owned the non-voting 5 per cent. deferred shares of HK\$1 each in the members of the Group as at 30 September 2006:

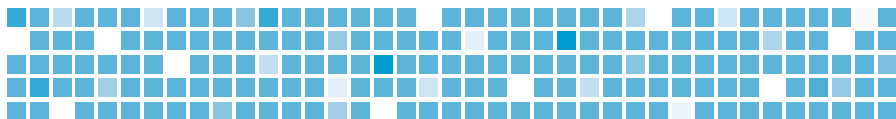
Name of director	Name of member of the Group	Number of non-voting 5 per cent. deferred shares
Mr. Lai Yiu Keung	Billtech Limited	2,000
	Oriental Gain Properties Limited	3,710

The non-voting 5 per cent. deferred shares practically carry no rights to dividends or to receive notice of or attend or vote at any general meeting of the companies or to participate in the surplus assets of the above-mentioned companies by virtue of or in respect of their holdings of such non-voting 5 per cent. deferred shares.

Save as disclosed above, as at 30 September 2006, none of the directors, chief executives or any of their associates had any interest in the shares of the Company or any of its associated corporations within the meaning of Part XV of SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the period.



SUBSTANTIAL SHAREHOLDER

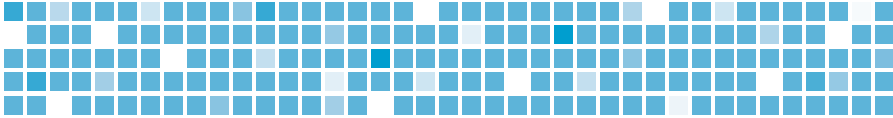
Other than the interests of directors under the heading “Directors’ Interests in Shares” above, as at 30 September 2006, the following persons had an interest or short position in the share capital of the Company as recorded in the register maintained by the Company pursuant to section 336 of Part XV of the SFO.

Name	Number of shares held	Approximate percentage of shareholding in the Company
Lintech Telecom Limited (<i>Note</i>)	374,519,995	12.57%
Lintech Limited (<i>Note</i>)	374,519,995	12.57%
Guangdong Telecom Industry Group Corporation (<i>Note</i>)	374,519,995	12.57%

Note: These shares are beneficially held by Guangdong Telecom Industry Group Corporation through its 95% owned subsidiary, Lintech Limited and the wholly owned subsidiary of Lintech Limited, Lintech Telecom Limited. The entire issued share capital of Lintech Telecom Limited is held by Lintech Limited and 95% of the issued share capital of Lintech Limited is held by Guangdong Telecom Industry Group Corporation.

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 2006, the Company has complied with the Code on Corporate Governance Practices (“Code”) as set out in Appendix 14 of the Listing Rules except the followings:

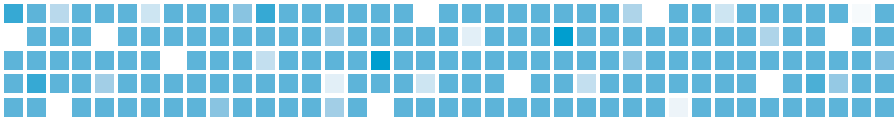
Code provision A.2.1: The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not separate the roles of chairman and managing director and Mr. Lai Yiu Keung currently holds both positions. The Board is in the opinion that the combination of the roles of chairman and managing director can ensure 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 to meet 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 of the Group.

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 to the Group 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 2006.

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

Hong Kong, 21 December 2006

As at the date of this report, the executive directors of the Company are Mr. Lai Yiu Keung, Ms. Chung Lai Ha, Mr. Kwok Chong, Anthony and Mr. Lai Man Kon and the independent non-executive directors of the Company are Mr. Li Mow Ming, Sonny, Mr. Chan Kwok Kay and Mr. Ng Wai Hung.