

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.



HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0499)

DISCLOSEABLE TRANSACTION INVOLVING ACQUISITION OF RIGHT, PLACING OF NEW SHARES PURSUANT TO GENERAL MANDATE AND RESUMPTION OF TRADING

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 27th July, 2007, the Company entered into the Agreement with the Vendor pursuant to which, among other things, the Vendor has agreed to sell and the Company has agreed to purchase the Right for an aggregate consideration of HK\$58,000,000 which will be paid in cash from the Company's internal resources and/or proceeds of the Placing.

As Completion of the Acquisition is subject to satisfaction of the conditions, the Acquisition may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of the Company.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Agreement will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

PLACING

The Company had on 27th July, 2007 entered into the Placing Agreement, pursuant to which the Company conditionally agreed to issue an aggregate of 320,000,000 Placing Shares at a price of HK\$0.126 each. Net proceeds of the Placing are estimated to be approximately HK\$39,513,600 which will be used for the Acquisition. The net price of the Placing Shares is approximately HK\$0.1235 per Placing Share.

* for identification only

The Placing is conditional on the approval of the listing of, and permission to deal in, the Placing Shares being granted by the Listing Committee of the Stock Exchange.

The Placing Shares represent approximately 10.73% of the existing issued share capital of the Company and approximately 9.7% of the share capital as enlarged by the issue of the Placing Shares. The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Board at the annual general meeting of the Company held on 15th September, 2006.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended as from 9:30 on 30th July, 2007 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 6th August, 2007.

The Board is pleased to announce that on 27th July, 2007, the Company and the Vendor entered into the Agreement pursuant to which, among other things, the Vendor has agreed to sell and the Company has agreed to purchase the Right for an aggregate consideration of HK\$58,000,000.

THE AGREEMENT

Date: 27th July, 2007

Parties

Vendor: Yung, Yu Ping
Purchaser: the Company

The Vendor is experienced in agricultural industry especially in agriculture, environment transformation, forestry, afforestation, etc. for over 26 years and pioneers in applying world leading bio-technology which boosts the output yield in agricultural and forestry plantation. The Vendor has developed many advanced agricultural technology projects with other companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an Independent Third Party of the Company and its subsidiaries and connected persons of the Company and its subsidiaries.

Assets to be acquired

The right to operate the cultivated land, forestry land, grassland and land for other agricultural uses in the Guangdong Province, PRC with a total area of 4,455 MOU (which is about 2,971,485 m³) and boundary lines east to mountain boundaries of Da Huai Town (大槐鎮), Ku Kuang Village (古壙村), south to the edge of Feng Zailing (風仔嶺邊), that is from Yuan Shi Chang He Zai (原石場河仔) to Shi Gui Shui Gou (石龜水溝), from Beng Bazai (崩壩仔) to the side of Shi Guidu (石龜篤) Paddy Field edge (水田邊), Rauge edge (嶺邊) to Beng Ba Zai Small river (崩壩仔河仔), edge to opposite ditch of Da He (大河) Wang Ping (岡坪) old paddy field; west to Hong Beng Gang Ruan Ao (紅崩崗軟坳) to apposite side of Ping Wei (坪尾), that is from boundary of newly planted Slash Pine (濕地松) to Shen Chong Keng (深沖坑); north to the path which belongs to Tan Jiao Village (譚角村), and planted with approximately 600,000 trees ("**Rural Land**") including the right to cut trees on the Rural Land within an operating period of 29 years pursuant to the Contracts.

The Rural Land is owned by En Ping Shi Na Ji Zhen Tan Jiao Cun Wei Hui Bei Hou Cun (恩平市那吉鎮譚角村委會北后村) (“**Owner**”). The Vendor has provided documentary evidence to the Company to prove that all monies for operating the Rural Land including the right to cut trees on the Rural Land have been paid to the Owner. The Company needs not pay any money to the Owner for acquiring the Right from the Vendor or for operating the Rural Land. As the Company is not acquiring the Rural Land, no consideration has been or will be paid by the Company for the Rural Land. At this point in time, other than the consideration for the Acquisition and the expenses for operating the Rural Land, the Directors do not anticipate any further capital commitment from the Company for the Business after obtaining the Right. Such operating expenses will be incurred depending upon various factors such as the number of trees to be cut and planted, the quality of soil and of the harvests and so forth. Currently the Company has no projection for such operating expenses.

Plans for cutting old trees and planting new trees will depend on the plantation cycle which is 3 years. The Company currently has no plan to cut all the trees. New trees will be planted in the areas where the old trees are cut. As Eucalyptus trees are the main raw materials for paper pulp making, the type of new trees to be planted on the Rural Land will be Eucalyptus.

The Business associated with the Right acquired can be carried out by the Company subject to the licences referred to in paragraph (e) of the section headed “Condition and Completion” in this announcement having been obtained.

Consideration

The aggregate consideration for the Acquisition shall be HK\$58,000,000 of which a refundable deposit of HK\$29,000,000 shall be paid to the Vendor within 3 days from the date of receipt by the Purchaser of the legal opinion referred to in paragraph (c) of the section headed “Conditions and Completion” in this announcement with the balance to be paid in cash upon Completion. The consideration will be satisfied from the proceeds of the Placing.

The consideration has been agreed by the parties after arm’s length negotiations between the Company and the Vendor by reference to the size of the forestable area and the number of trees thereon which could be cultivated and exploited and the business opportunity that the Company may carry on the Business after acquisition of the Right.

The Rural Land is a natural forest with no previous operational record and accounting derivation in the form of book value, valuation or profits.

By adopting the conventional market approach, (meaning estimating a value indication of a business, business ownership interest, or security using one or more methods that compare the subject to similar businesses, business ownership interests, or securities that have been sold), as indicated by an independent qualified valuer, B.I. Appraisals Limited in late July 2007, the valuation of the Right and the Business is estimated to be around RMB60,000,000. The Board therefore considers that the consideration of the Acquisition at HK\$58,000,000 is arrived at on a fair and reasonable basis so far as the Company and its Shareholders are concerned.

In the event Completion does not take place, the deposit shall immediately be refunded to the Company without interest.

Conditions and Completion

Completion is conditional upon fulfilment of the following conditions:

- (a) all consents of the Shareholders and the Stock Exchange (if applicable) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, PRC and Bermuda or elsewhere which are required or appropriate for the entering into and the implementation of the Agreement having been made; all waiting periods required under the laws of Hong Kong, PRC and Bermuda or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with;
- (b) the Company having conducted a due diligence investigation in respect of the Contracts, the Right and the Business and the Company being satisfied with the results of such due diligence investigation in its absolute discretion;
- (c) receipt by the Company of a legal opinion in form and substance satisfactory to the Company issued by a practising lawyer in PRC and Hong Kong (if applicable) appointed by the Company confirming, *inter alia*, the following:
 - (i) the Vendor's ownership of the Right;
 - (ii) the scope of the Right;
 - (iii) all reasonably relevant approvals, consents, licenses and/or permits in relation to the transactions contemplated under the Contracts and the Agreement, including without limitation from the PRC authority(ies), having been obtained;
 - (iv) the legality, validity and enforceability of the Right and that all the licenses, permits and consents necessary for carrying out the Business; and
 - (v) the feasibility, legality, validity and enforceability of transferring the Right and the licenses set out in (e) below (if such licences have been issued in the name of the Vendor) from the Vendor to the Company as contemplated under the Agreement;
- (d) the establishment of a wholly foreign owned enterprise in PRC, which will be a wholly-owned subsidiary of the Company for the purpose of holding the Right;
- (e) the Vendor having legally and validly obtained the Land Use Licence (林權使用證), Tree Cutting Licence (砍伐證), Timber Transportation Licence (木材運輸放行證) and all the licenses, permits and consents necessary for carrying out the Business;
- (f) no event having occurred since the date of signing of the Agreement to the Completion Date, the consequence of which is to materially and adversely affect, *inter alia*, the Right and such Material Adverse Changes (or Effect) shall not have been caused; and
- (g) the warranties contained in the Agreement remaining true and accurate and not misleading in all material aspects and at all times between the date of the Agreement and the Completion Date.

It is expected that the legal opinion referred to in condition (c) above will be obtained on or before the date of the circular. The results of the legal opinion will be included in the circular.

With respect to condition (d) above, the Vendor's application for the Land Use Licence has been submitted; however, at the date of this announcement, it is not issued yet. The Vendor has yet to obtain the Tree Cutting Licence and the Timber Transportation Licence. It is expected that the Vendor will submit the applications for the Tree Cutting Licence and the Timber Transportation Licence as soon as practicable. According to a preliminary consultation with lawyers practising in PRC, there shall not have any difficulty in obtaining the Land Use Licence, the Tree Cutting Licence and the Timber Transportation Licence by the Vendor and in transferring the Land Use Licence, the Tree Cutting Licence and the Timber Transportation Licence from the Vendor to the Company or its nominee(s). It will take about 45 days for the Vendor to obtain the Land Use Licence, the Tree Cutting Licence and the Timber Transportation Licence and about 15 days for transferring the Land Use Licence, the Tree Cutting Licence and the Timber Transportation Licence from the Vendor to the Company or its nominee(s). The number of days stated shall start to count from the date on which the respective applications are made to the relevant PRC government authorities.

The Board is of the view that due to the reasons set out under the section "Reasons for and Benefits of the Acquisition", the Company should capture this business opportunity notwithstanding the Company is aware that the Vendor has not obtained all the licenses referred to in the preceding paragraph.

The lawyers practicing in PRC has preliminary advised that the transfer of the Right from the Vendor to the Company will require written consent from the Owner. It is anticipated that such written consent will be obtained prior to Completion. If such written consent cannot be obtained, the Company will not proceed with the Acquisition.

In the event that not all the conditions have been fulfilled or waived by 30th September, 2007 or such other date as may be agreed in writing between the parties, the Company may by notice in writing to the Vendor terminate the Agreement.

Completion will take place on the fifth Business Day on which the conditions are satisfied.

As Completion of the Acquisition is subject to satisfaction of the conditions, the Acquisition may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of the Company.

INFORMATION ON THE COMPANY

The principal business activity of the Company is principally engaged in the business of property investment and development, short message services and trading of communication products.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition, if completed, will enable the Company to expand its existing core business in strategic investment. The Directors are in the opinion that timber is one of the natural resources and there is and will have a continuous global demand, the Business will therefore benefit from the booming demand for paper against the decreasing supply of rural land for forestry use. The Business will further benefit from the eucalyptus tree nature of fast-growing, self-sustainable and economical natural resources. The Board, therefore, considers that the Business associated with the Right acquired will be a profitable one which in the long term will become a steady income for the Company.

The Company is under discussion with the Vendor, who is acquainted with the Company for 3 months, about the possibility of engaging the Vendor as a consultant. There is no intention to appoint the Vendor as a Director. It is anticipated that a specialized team will be formed in eucalyptus forestry management and plantation. The Directors, therefore, are of the view that the Company will have sufficient expertise in carrying out the Business.

Notwithstanding Completion of the Acquisition, Company will continue its existing business in the future.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is in the interest of the Group and the terms and conditions of the Acquisition are in normal commercial terms, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

THE PLACING AGREEMENT

Date: 27th July, 2007

Issuer: the Company

Placing Agent: Hani Securities (H.K.) Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent, and its ultimate beneficial owner are Independent Third Parties.

Number of new Shares to be placed:

A total of 320,000,000 new Shares, representing approximately 10.73% of the Company's issued share capital as at the date of this announcement and approximately 9.7% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 15th September, 2006 to not less than 6 placees, all of whom and their respective ultimate beneficial owners will be Independent Third Parties. The Directors have confirmed that none of them have disclosed any information of the Acquisition to the placees. The aforesaid general mandate entitles the Company to allot and issue Shares with nominal amount of not more than 20% of the aggregate nominal amount of the share capital of the Company in issue as at 15th September, 2006, which amounts to 596,127,803 new Shares. As at the date of this announcement, no Shares had been issued pursuant to the aforesaid general mandate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the placees will become substantial Shareholders of the Company after the Placing.

Placing Price:

HK\$0.126 per Placing Share, which represents:

- (i) A discount of approximately 17.65% to the closing price per Share of HK\$0.153 as quoted on the Stock Exchange on 27th July, 2007, being the closing price of the Shares prior to the suspension of the trading in the Shares;
- (ii) A discount of approximately 19.75% to the average of the closing prices per Share of approximately HK\$0.157 for the last 5 trading days up to and including 27th July, 2007; and
- (iii) A discount of approximately 20.25% to the average of the closing prices per Share of approximately HK\$0.158 for the last 10 trading days up to and including 27th July, 2007.

Based on the estimated expenses of approximately HK\$806,400 relating to the Placing, the net price of the Placing Shares is approximately HK\$0.1235 per Placing Share and the aggregate net price of the Placing Shares is HK\$39,513,600. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Board considers that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares:

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the existing issued Shares, including the right to receive all dividends, bonuses or distributions declared or proposed to be declared or paid by the Company as from the date of such allotment and issue of the Placing Shares.

Condition of the Placing Agreement:

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

If the condition referred to above is not fulfilled by 14th August, 2007 (or such other time and date as may be agreed by the Company and the Placing Agent), all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Placing Agreement.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion:

Completion will take place on the third Business Day after satisfaction of the condition set out above.

REASONS FOR THE PLACING

Based on an estimated expenses of about HK\$806,400 for the Placing, the net proceeds of the Placing will be approximately HK\$39,513,600 and are intended to be used for the Acquisition. The balance of the consideration for the Acquisition will be financed by the Company's internal resources. In order to enable the Group to be more flexible in making investment decisions in the future, the Directors believe that it will be desirable and justifiable for the Company to raise fund through the Placing which will strengthen the financial position of the Group and enable the Group to be in a better position to participate in premium investment opportunities readily. The Directors are of the view that the Placing will at the same time broaden the shareholder base and capital base of the Company. In addition, the financial position of the Group will be strengthened by the Placing. Based on the above, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement.

SHAREHOLDING STRUCTURE

The table below sets out the Company's shareholding structure immediately before and after completion of the Placing Agreement (assuming no change in the shareholding structure since then):

Shareholders	Immediately before Completion		Immediately after Completion	
	<i>Number of Shares held</i>	<i>Approximate %</i>	<i>Number of Shares held</i>	<i>Approximate %</i>
Lai Yiu Keung and Chung Lai Ha (Notes 1 and 2)	391,700,000	13.14	391,700,000	11.87
Lintech Telecom Limited (Note 3)	175,499,995	5.89	175,499,995	5.32
Placees	0	0	320,000,000	9.7
Shareholders in the public	2,413,439,020	80.97	2,413,439,020	73.12

Notes:

1. Mr. Lai Yiu Keung has personal interest in 151,000,000 Shares and the entire issued share capital of Justgood Limited and United Man's Limited, which hold 30,000,000 Shares and 210,700,000 Shares respectively.
2. Ms. Chung Lai Ha is the spouse of Mr. Lai Yiu Keung and is deemed to be interested in those Shares in which Mr. Lai Yiu Keung has an interest.
3. 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. To the best of Directors' knowledge, information and belief, other than being a Shareholder of the Company, Lintech Telecom Limited, Lintech Limited and Guangdong Telecom Industry Group Corporation are independent of Mr. Lai Yiu Keung and/or Ms. Chung Lai Ha. In addition, none of the Directors has any interest in Guangdong Telecom Industry Group Corporation.

SUSPENSION AND RESUMPTION

At the request of the Company, trading in the Shares on the Stock Exchange was suspended as from 9:30 a.m. on 30th July, 2007 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 6th August, 2007.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Agreement and the Acquisition will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of the Right by the Company from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 27th July, 2007 entered into among the Company and the Vendor in relation to Acquisition
“associate”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business”	the business of exploitation of timber on the Rural Land including operating the Rural Land
“Business Day”	a day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company”	HyComm Wireless Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Right in accordance with the terms of the Agreement
“Completion Date”	date of completion of the Acquisition
“Contracts”	the contracts entered into by the Vendor for, <i>inter alia</i> , contracting of the operation of the Rural Land and of the exploitation of timber on the Rural Land referred to in the relevant contracts;
“Directors”	directors of the Company
“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 People’s Republic of China
“Independent Third Party”	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Changes (or Effect)”	any change (or effect), the consequence of which is to materially and adversely affect the Right and/or the Business
“Placing”	the Placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Hani Securities (H.K.) Limited
“Placing Agreement”	the conditional Placing Agreement dated 27th July, 2007 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.126 per Placing Share
“Placing Shares”	an aggregate of 320,000,000 new Shares to be issued pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Right”	the right to operate the Rural Land pursuant to the Contracts
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholders”	holders of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
HyComm Wireless Limited
Lai Yiu Keung
Chairman

Hong Kong, 3rd August, 2007

As at the date of this announcement, 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.