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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 7.5% EQUITY INTEREST IN
CORNING INVESTMENTS LIMITED,
ISSUE OF CONSIDERATION SHARE
AND
RESUMPTION OF TRADING**

Financial adviser to the Company



兆豐資本(亞洲)有限公司
Mega Capital (Asia) Company Limited

The Board is pleased to announce that on 24 August 2007, the Purchaser entered into the Share Acquisition Agreement to acquire from Vendor A, Vendor B and Vendor C, in aggregate, 7.5% of the issued share capital in Corning Investments at an aggregate Consideration of HK\$27 million.

The Consideration shall be HK\$27 million which will be satisfied by the Purchaser to the Vendors at Completion by the allotment and issue of 270 million new Shares credited as fully paid. The Consideration Shares will be issued and allotted as Consideration Shares upon Completion pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company convened on 15 September 2006.

* for identification only

The Consideration Shares represent approximately 8.18% of the existing issued share capital of the Company and approximately 7.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Corning Investments is interested in the entire issued share capital of DOTV which in turn holds the entire interest in TML. Both DOTV and TML are principally engaged in the business of the provision of outdoor media advertising and broadcasting network.

Pursuant to 14.06(2) of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company. A circular containing, amongst others, further details of the Share Acquisition Agreement will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Dealings in the Shares on the Stock Exchange has been suspended at the request of the Company with effect from 9:30 a.m., 27 August 2007 pending release of this announcement. Application has been made by the Company for the resumption of dealings in the Shares on the Stock Exchange on 9:30 a.m., 29 August 2007.

THE SHARE ACQUISITION AGREEMENT DATED 24 AUGUST 2007

- Purchaser: World Regal Limited, a company incorporated in the British Virgin Islands with limited liability
- Vendor A: Delancey Limited, an investment holding company incorporated in British Virgin Islands with limited liability and is an independent third party. As at the date of this announcement, Vendor A is the beneficial owner of 51% interest in Corning Investments
- Vendor B: Executive Talent Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is an independent third party. As at the date of this announcement, Vendor B is the beneficial owner of 14.5% interest in Corning Investments
- Vendor C: Noblemore Holdings Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is an independent third party. As at the date of this announcement, Vendor C is the beneficial owner of 24.5% interest in Corning Investments

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, each of Vendor A, Vendor B and Vendor C and their respective ultimate beneficial owner (if applicable) is a third party independent of and not connected with the Group and connected persons (as defined in the Listing Rules) of the Group.

Assets to be acquired

Pursuant to the Share Acquisition Agreement, the Purchaser has agreed to acquire from each of Vendor A, Vendor B and Vendor C of approximately 2.5%, 2.5% and 2.5%, in aggregate of 7.5%, issued share capital of Corning Investments, respectively as at the date of this announcement.

Consideration

The Consideration shall be HK\$27 million which will be satisfied by the Purchaser to the Vendors at Completion by the allotment and issue of 270 million new Shares credited as fully paid in the following manners:-

- (a) HK\$9 million of the Consideration shall be satisfied by the issue and allotment of 90 million new Shares credited as fully paid to Vendor A or its nominees at Completion;
- (b) HK\$9 million of the Consideration shall be satisfied by the issue and allotment of 90 million new Shares credited as fully paid to Vendor B or its nominees at Completion;
and
- (c) HK\$9 million of the Consideration shall be satisfied by the issue and allotment of 90 million new Shares credited as fully paid to Vendor C or its nominees at Completion.

The Consideration was agreed between the Vendors and the Purchaser after arm's length negotiation and on normal commercial terms with reference to (i) the business prospects of the Target Group as a result of its broad market coverage and strong customer base which includes certain branded retailers in Hong Kong; (ii) the extensive expertise of the Target Group in running of the Business; and (iii) the wide-spread networks of the Target Group which would provide a ready and cost effective platform for the Group to strengthen and enrich its marketing channels for its provision of short message services and trading of communication product businesses. Notwithstanding that the Target Group was in a net liability position as at 31 May 2007 and was loss-making for the two years ended 31 December 2006, the Directors consider that the Target Group has only a relatively short operating history in the

media market and there is potential future growth in the business of the Target Group after reviewing the business plan formulated by the Target Group and certain public statistics relevant to the media market. In addition, the Directors have reviewed the customer list of the Target Group and believe that there would be potentials to establish business relationships with some of those customers. Moreover, the Directors are of the view that the Acquisition would facilitate the Group to tap into the outdoor advertising business which would broaden its revenue stream. Having taking into account the potential benefits and contributions which would be brought to the Group as a result of the Acquisition, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

The Consideration Shares will be issued and allotted as Consideration Shares upon Completion pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company convened on 15 September 2006. As at the date of this announcement, 320 million shares were allotted and issued under the General Mandate in relation to the placing of new Shares which was announced by the Company on 3 August 2007. After the allotment and issue of the Consideration Shares, the General Mandate shall be substantially utilised.

The Consideration Shares represent approximately 8.18% of the existing issued share capital of the Company and approximately 7.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The issue price of the Consideration Shares at HK\$0.10 each credited as fully paid represents:

- (i) a discount of approximately 23.67% to the closing price of the Shares of HK\$0.131 as quoted on the Stock Exchange on 24 August 2007, being the last trading day before the Acquisition Agreement is signed;
- (ii) a discount of approximately 12.28% to the average of the closing prices of the Shares of approximately HK\$0.114 as quoted on the Stock Exchange for the last five trading days up to and including 24 August 2007; and
- (iii) a discount of approximately 16% to the average of the closing prices of the Shares of approximately HK0.116 as quoted on the Stock Exchange for the last ten trading days up to and including 24 August 2007.

The Consideration Shares, when allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares. As advised by the Directors, the discount of price at which the Consideration Shares are issued to the recent market price is to justify the historical low transaction volume in the trading of the Shares on the Stock Exchange. There is no restriction on sales of the Consideration Shares by the Vendors.

Application will be made by the Company for the listing of, and the permission to deal in, the Consideration Shares.

The shareholdings in the Company as at the date of this announcement and immediately after completion of the Acquisition are shown as follows:

	As at the date of this announcement		Immediately after completion of the Acquisition	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
	<i>(approx.)</i>		<i>(approx.)</i>	
Mr. Lai Yiu Keung and Ms. Chung Lai Ha <i>(Notes 1 and 2)</i>	391,700,000	11.87	391,700,000	10.97
Lintech Telecom Limited <i>(Note 3)</i>	175,499,995	5.32	175,499,995	4.92
Vendor A	–	–	90,000,000	2.52
Vendor B	–	–	90,000,000	2.52
Vendor C	–	–	90,000,000	2.52
Shareholders in the public	<u>2,733,439,020</u>	<u>82.81</u>	<u>2,733,439,020</u>	<u>76.55</u>
Total	<u><u>3,300,639,015</u></u>	<u><u>100.00</u></u>	<u><u>3,570,639,015</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Lai Yiu Keung, an executive Director, is interested in 391,700,000 Shares through his personal interest of 151,000,000 Shares and corporate interest of 240,700,000 Shares.
2. Ms. Chung Lai Ha, an executive Director and the spouse of Mr. Lai Yiu Keung, 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, 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. Lintech Telecom Limited is independent and not connected with the Company and its connected persons (as defined in the Listing Rules).

Conditions

Completion is conditional upon the fulfillment of, amongst others, the following Conditions:

- (a) completion of the legal and financial due diligence review of the business affairs, operation and financial position of the Target Group and the due incorporation of, the valid existence of and the power and capacity to carry on the Business by the members in the Target Group to the satisfaction of the Purchaser; and
- (b) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which neither the Vendors nor Purchaser may reasonably objects) or agreed to grant listing of and permission to deal in the Consideration Shares.

If any of the Conditions cannot be fulfilled (or if applicable, save for condition (b) above, waived by the Purchaser in accordance with the Share Acquisition Agreement) by the Long Stop Date (or such later date as agreed by the Purchaser and the Vendors), the Share Acquisition Agreement shall lapse and cease to have effect.

Completion

Completion shall take place within 2 days upon written notice is given by the Purchaser to the Vendors and the Company that it is satisfied that all Conditions have been fulfilled or waived (if applicable).

Information on the Target Group

Corning Investments is a company incorporated in the British Virgin Islands with principal business activity of investment holdings. Its only assets are the entire shareholding interests in DOTV and TML. DOTV and TML are principally engaged in the provision of outdoor media advertising and broadcasting network.

As at the date of this announcement, Corning Investments is owned as to 51% by Vendor A, as to 14.5% by Vendor B, as to 24.5% by Vendor C and as to 10% by an independent third party. All of them and their respective ultimate beneficial owners are independent of the Company and its connected persons (as defined under the Listing Rules).

DOTV is a media company incorporated in Hong Kong on 9 June 2006 with limited liability and principal business of which is the provision of outdoor television network with the latest high definition display and broadband technology. With an aim to become a dominant player in the high growth media market, DOTV acquired TML and continued its business operation on 2 May 2007. TML is a company incorporated in Hong Kong with limited liability on 15 October 2004 and has an installed base of over 100 plasma TVs throughout Hong Kong. The main source of income for DOTV comes from advertisement over the DOTV's network that can penetrate the high spending consumer when they are out-of-home ("OOH").

According to the unaudited consolidated financial statements of the Target Group as at 31 May 2007, the net liabilities of the Target Group was approximately HK\$659,000 and unaudited loss before and after tax of approximately HK\$660,000 for the 5 month period ended 31 May 2007 of the Target Group. The Target Group recorded an audited loss before and after tax of approximately HK\$4,836,000 for the year ended 31 December 2006.

Currently, DOTV has over 100 locations with an average of one to two TVs per store, including restaurants, computer arcade and record stores. DOTV aggressively plans to meet an expansion target of reaching over 250 locations by 2007 and reaching over 3 millions high spending young adults per week in Hong Kong. As an alternative for traditional TV, hard-printing and outdoor media, DOTV provides advanced technology to catch up the trend of the increase of High Definition video content and the increase of media spending for OOH reach. DOTV plans to position itself as the market leader in this new OOH media in the foreseeable future.

Upon completion of the Share Acquisition Agreement, Corning Investments will be owned as to 7.5% by the Company. The interests of the Company in the Target Group will be treated as investments in the financial statements of the Company.

Reasons for the Acquisition

The Group is principally engaged in the businesses of property investment and development, provision of short message services and trading of communication products.

In view of the competition in the existing businesses in which the Group is engaged, the Directors consider it necessary to actively seek for new investment opportunities to broaden its revenue stream with an aim to improve return for the Shareholders.

Leveraged on the Target Group's extensive marketing networks, the Directors believe that the Group would create a greater exposure of opportunities by reaching more potential high value customers, which principally include numerous branded retailers in Hong Kong, for its provision of short message services and trading of communication products businesses.

The Directors consider that the terms of the Share Acquisition Agreement are normal commercial terms after arm's length negotiations between the parties and that the terms of the Share Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Fund raising activities in the past twelve months

On 27 July 2007, the Company had entered into the placing agreement with Hani Securities (H.K.) Limited to issue an aggregate of 320,000,000 new Shares at a price of HK\$0.126 each (the "Placing"). Net proceeds of approximately HK\$39,513,600 from the Placing would be used for the acquisition of the right to operate the Rural Land, details of which are set out in the Company's announcement dated 3 August 2007. Up to the date of this announcement, net proceeds of approximately HK\$29,000,000 from the Placing were paid to settle the refundable deposit in relation to the acquisition of right while the remaining of approximately HK\$10,513,600 will be used to finance other associated costs for the acquisition of right.

General

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among others, further details of the Acquisition will be despatched to the Shareholders as soon as practicable.

Dealings in the Shares on the Stock Exchange has been suspended at the request of the Company with effect from 9:30 a.m., 27 August 2007 pending release of this announcement. Application has been made by the Company for the resumption of dealings in the Shares on the Stock Exchange on 9:30 a.m., 29 August 2007.

Definitions

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the conditional acquisition of 7.5% of the issued share capital in Corning Investments
“Board”	the board of Directors
“Business”	the business of the provision of outdoor media advertising and broadcasting network carried out by DOTV and TML
“Company”	HyComm Wireless Limited, a company incorporated in Bermuda whose shares are listed on The Stock Exchange of Hong Kong Limited
“Completion”	completion of the Acquisition in accordance with the Share Acquisition Agreement
“Completion Date”	the second business day after the Conditions have been satisfied or such other date as the parties may agree in writing
“Conditions”	conditions to Completion of the Share Acquisition Agreement
“Consideration”	the consideration for the Acquisition
“Consideration Shares”	270 million new Shares to be issued to the Vendors or as they may direct, credited as fully paid, pursuant to the Share Acquisition Agreement and the General Mandate
“Corning Investments”	Corning Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Directors”	the directors of the Company

“DOTV”	Digital Outdoor Television (Hong Kong) Limited, a company incorporated in Hong Kong and is wholly owned by Corning Investments
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 15 September 2006 to issue up to 596,127,803 new Shares
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	expected to be on 5 September 2007 or such other date as the parties to the Share Acquisition Agreement may agree
“Purchaser”	World Regal Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Company. It will remain as the subsidiary of the Company following the Acquisition
“Share Acquisition Agreement”	the agreement dated 24 August 2007 entered into between the Company, Vendor A, Vendor B, Vendor C in connection with the Acquisition
“Shareholders”	the holders of the Shares
“Shares”	the ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Group”	Corning Investments and its subsidiaries
“TML”	Today’s Media Limited, a company incorporated in Hong Kong and is wholly owned by DOTV
“Vendor A”	Delancey Limited, an investment holding company incorporated in British Virgin Islands with limited liability and is an independent third party. As at the date of this announcement, Vendor A is the beneficial owner of 51% interest in Corning Investments.
“Vendor B”	Executive Talent Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is an independent third party. As at the date of this announcement, Vendor B is the beneficial owner of 14.5% interest in Corning Investments.
“Vendor C”	Noblemore Holdings Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is an independent third party. As at the date of this announcement, Vendor C is the beneficial owner of 24.5% interest in Corning Investments.
“Vendors”	Vendor A, Vendor B and Vendor C

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

Hong Kong, 28 August 2007

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