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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)**

### **ISSUE OF NEW SHARES UNDER GENERAL MANDATE, DISCLOSEABLE TRANSACTION INVOLVING ACQUISITION OF APPROXIMATELY 5.8% ISSUED SHARES IN TOMORROW INTERNATIONAL HOLDINGS LIMITED AND RESUMPTION OF TRADING**

The Board announces that on 12th March, 2008 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which, among other things, the Company conditionally agreed to allot and issue an aggregate of 590,000,000 Shares at an issue price of HK\$0.10 each. The Subscription Price will be satisfied by the Subscriber procuring to transfer 130,386,800 Consideration Shares at a price of approximately HK\$0.4525 each to the Company.

The Subscription is conditional upon: (a) the approval of the listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange; and (b) 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 date of Completion.

The Subscription Shares represent (i) approximately 16.52% of the existing issued share capital of the Company of 3,570,639,015 Shares; and (ii) approximately 14.18% of the Company's issued share capital of 4,160,639,015 Shares as enlarged by the Subscription. The Subscription Shares will be allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 31st August, 2007.

The acquisition of the Consideration Shares constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Subscription Agreement will be despatched to the Shareholders within 21 days after the publication of this announcement.

\* for identification purpose only

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 13th March, 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18th March, 2008.

**As completion of the Subscription Agreement is subject to satisfaction of the conditions precedents in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

Date: 12th March, 2008 (after trading hours)

Issuer: The Company

Subscriber: Regal Power Investments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chan. The Subscriber is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and its ultimate beneficial owner is an Independent Third Party. Mr. Chan is a holder of the Convertible Notes in the principal amount of HK\$50,000,000 which entitles him to convert into 500,000,000 Shares, representing approximately 14% of the entire issued share capital of the Company as at the date of this announcement. Mr. Chan has never exercised any of his conversion rights attaching to the Convertible Notes and as such, he is neither a substantial Shareholder nor a connected person of the Company as defined under the Listing Rules. Save as disclosed above, neither the Subscriber nor its ultimate beneficial owner holds any Shares or securities in the Company. There was no prior transaction or business relationship between the Company and the Subscriber or its ultimate beneficial owner.

### **Number of new Shares to be subscribed:**

An aggregate of 590,000,000 new Shares, representing (i) approximately 16.52% of the existing issued share capital of the Company of 3,570,639,015 Shares; and (ii) approximately 14.18% of the Company's issued share capital of 4,160,639,015 Shares as enlarged by the Subscription.

The Subscription Shares will be allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 31st August, 2007. 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 Shares in issue as at 31st August, 2007, which amounts to 660,127,803 new Shares. As at the date of this announcement, no Shares had been issued pursuant to the aforesaid general mandate.

### **Subscription Price:**

HK\$0.10 per Subscription Share represents:

- (i) a premium of approximately 53.85% to the closing price of HK\$0.065 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 48.36% to the average closing price per Share of HK\$0.0674 in the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 40.06% to the average closing price per Share of HK\$0.0714 in the last ten consecutive trading days up to and including the Last Trading Day.

The aggregate nominal value of the Subscription Shares is HK\$59,000,000.

The Subscription Price will be satisfied by the Subscriber procuring to transfer 130,386,800 Consideration Shares at a price of HK\$0.4525 each to the Company for nil consideration.

The terms of the Subscription Agreement were arrived at after arm's length negotiations between the Company and the Subscriber and with reference to the prevailing market price of the Shares. The Board considers that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Ranking of Subscription Shares:**

The Subscription 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 Subscription Shares.

### **Consideration Shares**

130,386,800 TIHL Shares owned by Winspark, a company wholly and beneficially owned by Mr. Chan, to be valued at a price of HK\$0.4525 each, representing approximately 5.8% of the existing issued share capital of TIHL.

HK\$0.4525 per Consideration Share represents:

- (i) a premium of approximately 45.96% to the closing price of HK\$0.31 per Consideration Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 48.36% to the average closing price per Consideration Share of HK\$0.305 in the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 44.34% to the average closing price per Consideration Share of HK\$0.3135 in the last ten consecutive trading days up to and including the Last Trading Day.

The aggregate value of the Consideration Shares is HK\$59,000,027.

The amount and value of the Consideration Shares are agreed upon by the parties after arm's length negotiation between the Company and the Subscriber by reference to (a) the market price of TIHL Shares in the last five consecutive trading days up to and including the Last Trading Day of HK\$0.305 each; (b) a premium of approximately 48.36% which is the same as a premium of approximately 48.36% of HK\$0.10 per Subscription Share to the average closing price of the Subscription Shares of HK\$0.0674 each in the last five consecutive trading days up to and including the Last Trading Day; and (c) the value of the Consideration Shares based on the net asset value of TIHL as at 30th June, 2007 being approximately HK\$0.4523 each.

Given that the Company can only issue Subscription Shares at par value despite the market price of Subscription Shares is below par value of HK\$0.10 each, the Company adopts a premium of approximately 48.36%, representing the average closing price per each Subscription Share and Consideration Share in the last five consecutive trading days up to and including the Last Trading Day, in calculating the Consideration Shares. The Directors have also taken into account of the recent decrease in market price of TIHL and the financial losses of TIHL for the year ended 30th June, 2007. However, the Directors are of the view that the value of the Consideration Shares under the Subscription shall be determined principally by reference to the market price of TIHL and a premium of approximately 48.36% as the Company is in fact exchanging the Subscription Shares for the Consideration Shares.

Based on the above, the Directors are of the view that price of the Consideration Shares is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Set out below is a summary of the audited financial results and asset value of TIHL for each of the three years ended 31st December, 2004, 2005 and 2006 and the unaudited financial results and net asset value of TIHL for the six months ended 30th June, 2007 as extracted from the annual and interim reports of TIHL for the relevant financial years.

	Year ended 31st December,			Six months ended
	2004	2005	2006	30th June, 2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	691,136	553,871	514,396	222,848
Profit/(loss) before taxation	23,389	(3,008)	(16,444)	(4,244)
Profit/(loss) attributable to equity holder	28,695	4,779	(16,225)	(3,632)
Net assets	760,787	796,196	954,673	1,016,602

As at the date of this announcement, the Company has no plan of selling the Consideration Shares and acquiring further TIHL Shares.

The Consideration Shares will be accounted for as financial assets in the accounts of the Company.

### **Conditions of the Subscription Agreement:**

Completion of the Subscription Agreement is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (b) 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 date of Completion.

If any of the above conditions referred to above is not fulfilled by 31st March, 2008 (or such other time and date as may be agreed by the Company and the Subscriber), all rights, obligations and liabilities of the parties under the Subscription Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Subscription Agreement.

### **Completion:**

Completion will take place within two business days after satisfaction of the conditions set out above. No director will be appointed to the Company under the Subscription Agreement.

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

### **REASONS FOR THE SUBSCRIPTION**

The Subscription will provide the Company with an opportunity to invite a strategic investor to the Company, which will create a synergy effect in exploring other business activities and potential investment opportunities as the Company may benefit from Mr. Chan's 20 years of experience and extensive business network in property and strategic investments and loan financing which are valuable for the Company in expanding its business and/or seeking potential investment opportunities in the future. Mr. Chan has been a substantial shareholder of TIHL for nearly 8 years. The Company approached Mr. Chan on this Subscription as Mr. Chan is one of the holders of the Convertible Notes. Having considered the fact that the acquisition of the Consideration Shares will provide the Company with an opportunity to introduce Mr. Chan as a strategic investor and at the same time will enable the Company to acquire an asset, the Directors consider that using the Consideration Shares as a consideration for the Subscription Shares instead of cash settlement is fair and reasonable. Based on the above, the Directors are of the view that the Subscription is in the interest of the Group and the terms and conditions of the Subscription are in normal commercial terms, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## Fund raising activities in the past twelve months

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
3rd August, 2007	Placing of 320,000,000 Shares	HK\$39,513,600	Acquisition of the right to operate the rural land as disclosed in the Company's announcement dated 3rd August, 2007	Acquisition of the right to operate the rural land as disclosed in the Company's announcement dated 3rd August, 2007
15th October, 2007	Placing of 5% secured Convertible Notes Due 2011	HK\$146,000,000	For general working capital	The net proceeds have been deposited into the savings account of the Company to be reserved for general working capital of the Group

## Effects on shareholding structure

The changes of the shareholding structure of the Company immediately before and after completion of the Subscription are set out below:

	As at the date of this announcement		Upon completion of the Subscription (assuming no conversion rights attaching to the Convertible Notes are exercised)		Upon completion of the Subscription (assuming Mr. Chan exercises all his conversion rights attaching to the Convertible Notes)		Upon completion of the Subscription (assuming Mr. Chan and other Convertible Notes holders exercises all conversion rights attaching to the Convertible Notes)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Lai Yiu Keung (Note 1)	391,700,000	10.97	391,700,000	9.41	391,700,000	8.40	391,700,000	6.92
The Subscriber (Note 2)	–	–	590,000,000	14.18	590,000,000	12.66	590,000,000	10.42
<b>Convertible Notes holders:</b>								
– Mr. Chan (Note 2)	–	–	–	–	500,000,000	10.73	500,000,000	8.83
– Other Convertible Notes holders (Note 3)	–	–	–	–	–	–	1,000,000,000	17.67
<b>Sub-total</b>	<b>391,700,000</b>	<b>10.97</b>	<b>981,700,000</b>	<b>23.59</b>	<b>1,481,700,000</b>	<b>31.79</b>	<b>2,481,700,000</b>	<b>43.84</b>
Public Shareholders	3,178,939,015	89.03	3,178,939,015	76.41	3,178,939,015	68.21	3,178,939,015	56.16
<b>Total:</b>	<b>3,570,639,015</b>	<b>100.00</b>	<b>4,160,639,015</b>	<b>100.00</b>	<b>4,660,639,015</b>	<b>100.00</b>	<b>5,660,639,015</b>	<b>100.00</b>

Notes:

- Mr. Lai Yiu Keung is the chairman and an executive director of the Company.
- The Subscriber is wholly and beneficially owned by Mr. Chan.
- Save for Mr. Chan, there will not be any additional substantial Shareholders as a result of the conversion of the Convertible Notes.

## **FINANCIAL EFFECT OF ALLOTMENT AND ISSUE OF CONSIDERATION SHARES**

The Directors expect that upon Completion, the total assets of the Group will increase and the total liabilities of the Group would remain unchanged.

### **Information on the Company**

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

### **Information on TIHL**

TIHL is a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 760). TIHL is principally engaged in design, development, manufacture and sale of electronic products, the manufacture and sale of printed circuit boards, the trading and distribution of electronic components and parts, the trading of listed equity investments and the provision of loan financing.

## **IMPLICATIONS UNDER THE LISTING RULES**

The acquisition of the Consideration Shares constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Subscription Agreement will be despatched to the Shareholders within 21 days after the publication of this announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 13th March, 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18th March, 2008.

**As completion of the Subscription Agreement is subject to satisfaction of the conditions precedents in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“associates”	has the meaning given to that term in the Listing Rules
“Board”	the board of Directors
“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 Subscription pursuant to the Subscription Agreement

“connected person(s)”	has the meaning given to that term in the Listing Rules
“Consideration Shares”	130,386,800 TIHL Shares owned by Winspark to be valued at a price of HK\$0.4525 each, representing approximately 5.8% of the existing issued share capital of TIHL
“Convertible Notes”	5% secured convertible notes due 2011 issued by the Company in a principal amount of HK\$240,000,000 as disclosed in the announcement of the Company dated 15th October, 2007
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 31st August, 2007, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	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)
“Last Trading Date”	11th March, 2008, being the last trading day for the Shares before the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Yuen Ming, a legal and beneficial owner of the Subscriber and Winspark Venture Limited
“Share(s)”	ordinary share(s) of HK\$0.10 par value in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	the subscriber subscribing for the Subscription Shares pursuant to the Subscription Agreement, namely, Regal Power Investments Limited, and wholly and beneficially owned by Mr. Chan



“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional share subscription agreement dated 12th March, 2008 entered into between the Company and the Subscriber in relation to the subscription of Subscription Shares
“Subscription Price”	HK\$0.10 per Subscription Share
“Subscription Shares”	an aggregate of 590,000,000 new Shares to be allotted and issued pursuant to Subscription Agreement
“TIHL”	Tomorrow International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 760)
“TIHL Shares”	shares of HK\$0.004 each in the issued share capital of TIHL
“Winspark”	Winspark Venture Limited, a company wholly and beneficially owned by Mr. Chan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17th March, 2008

*As at the date of this announcement, the executive directors of the Company are Mr. Lai Yiu Keung, Mr. Liu Shun Chuen, Mr. Wan Tak Wing, Peter and Mr. Yeung Sau Chung and the independent non-executive directors of the Company are Miss Tam Chi Ling, Elaine, Mr. Wu Wang Li and Mr. Ng Wai Hung.*