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HyComm
HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00499)

**MAJOR AND CONNECTED TRANSACTION
INVOLVING DISPOSAL OF SALE SHARES
AND
RESUMPTION OF TRADING**

The Board announces that on 15 February 2009, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, an Independent Third Party, whereby the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for an aggregate consideration of HK\$4,000,000. The Sale Shares represent 60% of the entire issued share capital of Global Edge.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and also a connected transaction for the Company under Rule 14A.13 of Chapter 14A of the Listing Rules as the balance 40% interest in Global Edge is held by a controller (as that term is defined in the Listing Rules) and is therefore subject to the approval of Independent Shareholders at the SGM. As no Shareholder has a material interest in the Disposal which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Agreement at the SGM.

Guangdong Securities Limited will be appointed to advise the Independent Board Committee on the Disposal.

A circular containing, among other things, details of the Agreement, a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Disposal, the recommendation of the Independent Board Committee on the Disposal to the Independent Shareholders, financial information on Global Edge and a notice to convene the SGM to approve the Agreement by way of poll will be despatched to the Shareholders as soon as possible.

* *for identification purpose only*

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 16 February 2009 pending the release of this announcement at the request of the Company. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 February 2009.

Shareholders should note that the Disposal occurred during the trading period of the nil-paid rights relating to the Rights Issue and the Shares had been suspended for 2 days during that intervening period. However, the timetable for the Rights Issue will not change as a result of the 2 days of suspension in trading in the Shares.

THE AGREEMENT

Date

15 February 2009

Parties

Vendor: MobiData Incorporated

Purchaser: Panaco Limited

The Purchaser is principally engaged in investment holding. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties. The Company has never entered into any transaction with the Purchaser and/or its ultimate beneficial owner(s) in the past 12 months.

Assets to be disposed

The assets to be disposed comprise of the Sale Shares, representing 60% of the entire issued share capital of Global Edge.

The balance 40% issued share capital of Global Edge is held by Royal Link Investment Limited, a controller (as that term is defined in Chapter 14A of the Listing Rules) of Global Edge.

Consideration

The aggregate Consideration is HK\$4,000,000 which shall be paid by the Purchaser to the Vendor as follows:

- (a) HK\$400,000 by way of cheque being paid as a non-refundable deposit upon the signing of the Agreement; and
- (b) HK\$3,600,000 in cash being paid upon Completion.

The Consideration was arrived at after arm's length negotiations between the parties with reference to the 60% interest in the unaudited consolidated net assets value of Global Edge attributable to the Group as at 31 January 2009 of approximately HK\$1,500,000.

The Directors consider that the Consideration is fair and reasonable.

Conditions Precedent

Completion is conditional upon the following conditions being fulfilled and remaining fulfilled or waived by the Purchaser as at Completion:–

- (i) the passing by Independent Shareholders of a resolution to approve the Agreement and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules;
- (ii) all consents of the Stock Exchange (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the entering into and the implementation of the Agreement having been given or made; all waiting periods required under the laws of Hong Kong, or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with; and
- (iii) the warranties in the Agreement remaining true and accurate in all material respects.

In the event that not all the above conditions precedent have been fulfilled or waived by the Purchaser by no later than 5:00 p.m. on the Condition Date (or by such later date(s) as the parties to the Agreement may agree in writing), the Agreement shall lapse and be of no further effect and neither party shall have any claim, obligation or liability against the other party save for any antecedent breaches of the terms of the Agreement.

Completion

Completion shall take place on or before the Completion Date subject to the satisfaction or waiver of the above conditions precedent.

INFORMATION ON THE COMPANY AND THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in property investment, provision of loan financing and leasing of car parking spaces, provision of short message services and trading of communication products.

INFORMATION ON GLOBAL EDGE AND VENDOR

Global Edge, a 60% owned indirect subsidiary of the Company, is a company incorporated in the British Virgin Islands and is principally engaged in provision of short message services. Global Edge holds a 100% equity interest in Redstone Resources Limited, which owns 49% of the issued share capital of GIN International Limited. As at the date of this announcement, Global Edge has 833,334 ordinary shares of US\$1.00 each in issue. The Vendor own 500,000 ordinary shares in Global Edge.

FINANCIAL INFORMATION ON GLOBAL EDGE

The followings are the audited consolidated financial information on Global Edge for the two years ended 31 March 2008 which were prepared in accordance with the accounting policies of HKGAAP and are extracted from the audited consolidated financial statements of Global Edge:

	For the year ended 31 March 2008 (audited) (HK\$)	For the year ended 31 March 2007 (audited) (HK\$)
Turnover	5,983,000	7,323,000
Profit before taxation	2,136,000	509,000
Profit after taxation	1,911,000	509,000
Net assets	4,767,000	2,857,000
Total assets	5,816,000	3,114,000

As at 31 March 2008, the consolidated net assets value of Global Edge attributable to the Group was approximately HK\$1,060,000, which represented the 60% interest in the consolidated net assets value of Global Edge of HK\$1,767,000, after taking into account the amount due to Global Edge by the Company of approximately HK\$3,000,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Taking into account that (i) the Disposal would provide a good opportunity for the Group to dispose the fully depreciated and aged plant and equipment in Global Edge and (ii) the Disposal would provide additional cash and allow the Group to redeploy its resources to other investment opportunities, the Directors believe that the Disposal is in the interest of the Company and Shareholders as a whole.

The Directors are of the view that the terms of the Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Directors estimates that upon Completion, the Group is expected to record a gain from the Disposal of approximately HK\$2,500,000 which represents the difference between the proceeds from the Disposal of approximately HK\$4,000,000 and the 60% interest in the unaudited consolidated net asset value of Global Edge attributable to the Group of approximately HK\$1,500,000 as at 31 January 2009, after taking into account the waiver of an amount of approximately HK\$3,000,000 due to Global Edge by the Company.

The final financial effect of the Disposal may be adjusted depending on the consolidated financial performance of Global Edge attributable to the Group from the date of the Agreement until Completion.

Upon Completion, Global Edge will cease to be a subsidiary of the Company and its financial results will not be consolidated into the Group's financial statements.

USE OF PROCEEDS

The Directors expect that the net proceeds from the Disposal of approximately HK\$3,500,000 (after deducting all relevant fees and expenses such as legal fees and publication fees) will be used for general working capital of the Group and to fund any potential investment projects available to the Group in the future. The Directors have not yet determined the proportions of the net proceeds to be used for such purposes and will deposit the net proceeds from the Disposal into the Company's bank account.

LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and also a connected transaction for the Company under Rule 14A.13 of Chapter 14A of the Listing Rules and is therefore subject to the approval of Independent Shareholders at the SGM. As no Shareholder has a material interest in the Disposal which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Agreement at the SGM.

Guangdong Securities Limited will be appointed to advise the Independent Board Committee on the Disposal.

A circular containing, among other things, details of the Agreement, a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Disposal, the recommendation of the Independent Board Committee on the Disposal to the Independent Shareholders, financial information on Global Edge and a notice to convene the SGM to approve the Agreement by way of poll will be despatched to the Shareholders as soon as possible.

SUSPENSION AND 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 16 February 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 February 2009.

Shareholders should note that the Disposal occurred during the trading period of the nil-paid rights relating to the Rights Issue and the Shares had been suspended for 2 days during that intervening period. However, the timetable for the Rights Issue will not change as a result of the 2 days of suspension in trading in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the conditional sale and purchase agreement dated 15 February 2009 and entered into between the Purchaser and the Vendor in relation to the Disposal
“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 Main Board of the Stock Exchange
“Completion”	completion of the Disposal under the Agreement
“Completion Date”	on or before the fifth business day after the conditions precedent are satisfied or waived, or such other date as may be agreed in writing between the Purchase and the Vendor
“Condition Date”	31 May 2009 or such other date as may be agreed in writing between the Purchaser and the Vendor
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement
“Global Edge”	Global Edge Technology Limited, a company incorporated in British Virgin Islands and a 60% owned indirect subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“HKGAAP”	accounting principles generally accepted in Hong Kong
“Independent Board Committee”	means the independent committee of the Board comprising all the independent non-executive directors established for the purpose of making recommendations to the Independent Shareholders on the Disposal

“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM
“Independent Third Party(ies)”	any 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 independent of the Company and the connected person (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Panaco Limited, an Independent Third Party
“Rights Issue”	the rights issue as announced by the Company on 1 December 2008
“Sale Shares”	an aggregate of 500,000 shares of US\$1.00 each of Global Edge, representing 60% of the entire issued share capital of Global Edge, to be sold by the Vendor to the Purchaser pursuant to the Agreement
“SGM”	the special general meeting to be held by the Company to consider, and if thought fit, approve the Agreement and the Disposal
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	MobiData Incorporated, a company incorporated in the British Virgin Island
“%”	per cent.

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

Hong Kong, 17 February 2009

As at the date of this announcement, the executive directors of the Company are Mr. Lai Yiu Keung, Mr. Liu Shun Chuen, and Mr. Yeung Sau Chung and the independent non-executive directors of the Company are Mr. Jacobsen William Keith, Mr. Wu Wang Li and Mr. Ng Wai Hung.