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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)**

**LETTER OF INTENT IN RESPECT OF  
PROPOSED ACQUISITION OF THE INTERESTS IN COAL MINES AND  
COAL WASHING PLANTS IN SHANXI PROVINCE OF THE PRC**

The Board is pleased to announce that on 20 July 2010, Concord Ocean, a wholly-owned subsidiary of the Company, entered into the Letter of Intent with the Vendors in relation to the Proposed Acquisition of the interests in the Coal Mines and the Coal Washing Plants in Shanxi Province, the PRC to be held indirectly by the Target Company.

Subject to the terms of the Sale and Purchase Agreement and with reference to the independent valuation of the subject assets, the consideration for the Proposed Acquisition shall not be more than HK\$10.5 billion. The consideration for the Proposed Acquisition shall be satisfied by the issue(s) of convertible bonds and/or new shares of the Company and/or cash (or other means to be agreed between Concord Ocean and the Vendors).

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

**The Proposed Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares.** All major terms, save for the exclusivity clause as set out in this announcement, of the Letter of Intent are not legally-binding. The final terms of the Sale and Purchase Agreement are subject to further negotiations between the parties and have yet to be finalised, and may therefore deviate from those set out in the Letter of Intent.

Subject to the terms of the Sale and Purchase Agreement, if the Proposed Acquisition materialises, it is presently expected that the Proposed Acquisition may constitute a very substantial acquisition for the Company under the Listing Rules. Further detailed announcement will be made by the Company in accordance with the Listing Rules as and when appropriate.

\* For identification purposes only

## **INTRODUCTION**

The Board is pleased to announce that on 20 July 2010 (after trading hours), Concord Ocean, a wholly-owned subsidiary of the Company, entered into the Letter of Intent with the Vendors in relation to the Proposed Acquisition of the interests in the Coal Mines and the Coal Washing Plants in Shanxi Province, the PRC to be held indirectly by the Target Company.

## **THE LETTER OF INTENT**

**Date:** 20 July 2010, after trading hours

**Parties:**

- (i) Concord Ocean, a wholly-owned subsidiary of the Company;
- (ii) Vendor 1, the owner of 15% of the issued share capital of the Target Company; and
- (iii) Vendor 2, the owner of 85% of the issued share capital of the Target Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

## **Major terms**

Pursuant to the Letter of Intent, subject to the entering into of the Sale and Purchase Agreement, it is proposed that Concord Ocean will acquire the entire issued share capital of the Target Company from the Vendors.

### *The Reorganisation*

The Target Group will undergo a reorganisation in preparation of the Proposed Acquisition. Upon completion of the Reorganisation, the Target Company will indirectly hold, through its wholly-owned subsidiaries, interests in the Coal Mines and the Coal Washing Plants.

### *Consideration*

Subject to the terms of the Sale and Purchase Agreement and with reference to the independent valuation of the subject asset, the consideration for the Proposed Acquisition shall not be more than HK\$10.5 billion.

The consideration for the Proposed Acquisition shall be satisfied by the issue(s) of convertible bonds and/or new shares of the Company and/or cash (or other means to be agreed between Concord Ocean and the Vendors).

### *Profit guarantee*

The Vendors will guarantee to Concord Ocean in respect of the consolidated net profit after tax (prepared in accordance with the international accounting standards and excluding any extraordinary gain (such as fair value gain) and minority interests) of the Target Company as follow:

2011: RMB 850 million (equivalent to approximately HK\$978 million)

2012: RMB 1,150 million (equivalent to approximately HK\$1,323 million)

2013: RMB 1,500 million (equivalent to approximately HK\$1,725 million)

### *Exclusivity*

Concord Ocean has the exclusivity for a period of twelve months from the date of the Letter of Intent to negotiate with the Vendors and the related parties in relation to the transactions contemplated under the Proposed Acquisition. The exclusivity is legally binding on the parties to the Letter of Intent.

## **GENERAL**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

**The Proposed Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares.** All major terms, save for the exclusivity clause as set out in this announcement, of the Letter of Intent are not legally-binding. The final terms of the Sale and Purchase Agreement are subject to further negotiations between the parties and have yet to be finalised, and may therefore deviate from those set out in the Letter of Intent.

Subject to the terms of the Sale and Purchase Agreement, if the Proposed Acquisition materialises, it is presently expected that the Proposed Acquisition may constitute a very substantial acquisition for the Company under the Listing Rules. Further detailed announcement will be made by the Company in accordance with the Listing Rules as and when appropriate.

## **DEFINITIONS**

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Coal Mines”	eleven coal mines in Shanxi Province, the PRC
“Coal Washing Plants”	two coal washing plants in Shanxi Province, the PRC

“Company”	Hycomm Wireless Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Concord Ocean”	Concord Ocean Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Letter of Intent”	the non-legally binding letter of intent (save for certain legally binding clauses, including the exclusivity as set out in this announcement) dated 20 July 2010 entered into among Concord Ocean and the Vendors in relation to the Proposed Acquisition
“Proposed Acquisition”	the proposed acquisition by Concord Ocean from the Vendors the entire issued share capital of the Target Company as contemplated under the Letter of Intent
“PRC”	the Peoples’ Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Reorganisation”	the proposed reorganisation of the Target Group, details of which are set out in the paragraph headed the “The Reorganisation” in this announcement
“Sale and Purchase Agreement”	the definitive agreement to be entered into between Concord Ocean and the Vendors for the purpose of the sale and purchase of the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Hao Chang Limited (浩昌有限公司), a company incorporated in the BVI
“Target Group”	the Target Company, its subsidiaries and interests in the Coal Mines and the Coal Washing Plants
“Vendor 1”	Dihua Limited (帝華有限公司), a company incorporated in the BVI with limited liability and holds 15% of the issued share capital of the Target Company as at the date of this announcement
“Vendor 2”	Xin Resource Investment Limited (鑫源投資有限公司), a company incorporated in the BVI with limited liability and holds 85% of the issued share capital of the Target Company as at the date of this announcement
“Vendors”	Vendor 1 and Vendor 2, the vendors in the Proposed Acquisition
%	per cent.

By order of the Board  
**HyComm Wireless Limited**  
**Shi Jian Ping**  
*Chairman*

Hong Kong, 20 July 2010

*For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.15. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at such or any other rate.*

*As at the date of this announcement, the executive directors of the Company are Mr. Shi Jian Ping, Mr. Liu Shun Chuen, Mr. Choi Chiu Fai, Stanley and Mr. Yeung Sau Chung and the independent non-executive directors of the Company are Mr. Wu Wang Li, Mr. Ng Wai Hung and Mr. Jacobsen William Keith.*