

## Chairman's Statement

Dear Shareholders,

I hereby present the annual report of HyComm Wireless Limited (formerly Plotio Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31st March, 2001 and summarise below the recent development and major activities of the Group for the year.

This year is a critical year to the Group. The Board of Directors ("Directors") have identified a clear path for the Group's future development and invested in certain technology-related businesses. The Group continues its business re-engineering and will make further investments in technology-related and communication businesses in the future.

### **GROUP RESULTS**

The Group recorded turnover for the year of approximately HK\$165 million and net loss for the year of approximately HK\$327 million. Net loss incurred for the year is mainly attributable to further provision made on the Group's interest in certain development properties, the deficit arising on revaluation of investment properties and fixed assets, provision for impairment loss of investments in securities and impairment loss in goodwill attributable to an associate. However, the Group's other business sectors were maintained at a more satisfactory level throughout the year.

### **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2001.

### **ISSUE OF CONVERTIBLE DEBENTURES, SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER AND USE OF PROCEEDS THEREFROM**

In May 2000, the Company issued totally US\$10 million 2 per cent. convertible debentures due 2003 ("Debentures") to two overseas investors. The net proceeds from the issue of Debentures were applied as general working capital of the Group. As at 31st March, 2001, the outstanding balance of the Debentures is approximately US\$1.55 million.

On 18th May, 2001, the Company agreed to issue 150,000,000 new shares to Mr Lai Yiu Keung, a director and substantial shareholder of the Company, at issue price of HK\$0.10 per share. The subscription was completed on 10th July, 2001 and the net proceeds amounting to about HK\$14.6 million will be used for redeeming the outstanding Debentures with balance for general working capital purposes.

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## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group was engaged in the business of property development, property investment, property management, property agency and construction and decoration services while the Group continued to re-engineer its businesses.

### **Property development and investment and property related services**

During the year, the Group has the turnover attributable to the property sectors amounting to approximately HK\$164 million.

Tai Ning Street and Temple Street projects have been substantially completed and the occupation permits have been issued. The superstructure work of the Group's another project in Po Kong Village Road commenced in Year 2000 and it is expected to be completed this year. Pre-sale program of Po Kong Village Road project has been launched subsequent to the year end date. The development of other projects is still in the preliminary stage and the construction work will commence only at a later stage.

During the year under review, the turnover attributable to the property related services of property management, agency, construction and decoration has been maintained at a satisfactory level and such businesses continued to contribute to the Group.

### **Technology-related and communication businesses**

The Group's technology-related and communication investments in Hycomm Technology Incorporated ("Hycomm"), Codebank Limited ("Codebank") and CyberLiving Holdings Limited ("CyberLiving") are retained as long term investments. Hycomm's major asset is an indirect 85% interest in Guangzhou Huamai Information Engineering Co., Ltd. which is principally engaged in the design, development and installation of software and systems relating to the wireless data and wireless IP network. Codebank is principally engaged in internet software development and offers turnkey solutions to enterprises, educational institutions and governments with application software, vertical portal solutions and professional services. CyberLiving is principally engaged in design, development and installation of personalised content and e-services to networked homes in the Greater China Region via the residential data network.

On 5th June, 2001, the Company agreed to acquire 100% of the issued share capital in Trans-Nova Telecom Limited, which is principally engaged in the telecom and data communications business with a focus on three areas, (i) global positioning system technology-related products and services, (ii) telemetric technology for measuring and monitoring functions, and (iii) internet services and e-Commerce and m-Commerce solutions, by issue of consideration shares of 125,000,000 new shares of the Company.

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## **Liquidity and financial resources**

The Group has bank and cash balance of approximately HK\$32 million as at 31st March, 2001. The Group's bank loans outstanding at 31st March, 2001 amounted to HK\$262 million, representing a decrease of HK\$64 million as compared with the amounts outstanding at 31st March, 2000. With bank and cash and other current assets as well as the Group's available banking facilities, the Group has sufficient financial resources to satisfy its financial commitments and working capital requirements.

## **Prospects**

The Group will continue its business re-engineering and gradually shift its business strategy from property investment and development to technology-related businesses. By adopting a prudent approach in its new business development and financial strategy, the Group hopes to take advantage of new business opportunities in those technology-related industries with strong market momentum and potential. We expect our new business strategy will bring to the shareholders greater value in long term.

## **AUDIT COMMITTEE**

The audit committee of the Company comprises of two independent non-executive directors. The primary duties of the audit committee are review and advice on the financial reporting process and internal control system of the Group.

## **EMPLOYEE**

As at 31st March, 2001, the Group had 278 staff. In addition to basic salary, employees are rewarded with performance-related bonuses, other staff welfare and also a share options scheme will be made available to certain staff of the Group at the Directors' discretion.

On behalf of all members of the Board, I would like to express our gratitude to the shareholders for their continuing support and all staff of the Group for their hard work and contribution.

**LAI YIU KEUNG**

*CHAIRMAN*

Hong Kong, 26th July, 2001