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華脈無線通信有限公司*
HYCOMM WIRELESS LIMITED

(incorporated in Bermuda with limited liabilities)

CONNECTED TRANSACTIONS

The Group has entered into the Transactions with the Sale Group and Mr. Lai which has resulted in certain amounts due to the Company from the Sale Group and Mr. Lai. As Mr. Lai is a director and a substantial shareholder of the Company and the Sale Group is beneficially owned by Mr. Lai, these Transactions constitute connected transactions of the Company under the Listing Rules.

The amounts due to the Group from the Sale Group and Mr. Lai as at 31 March 2002 were about HK\$3,336,000 and HK\$19,616,000 respectively. The entering into of the Transactions giving rise to such indebtedness, should have been subject to Independent Shareholders' approval at the time when the Transactions were entered into pursuant to Rule 14.26 of the Listing Rules. Due to an inadvertent oversight, disclosure of such Transactions was previously overlooked by the Company and no approval from the Independent Shareholders was sought. Details of the Transactions have been included in the 2002 annual report of the Company.

Under the Lai Note and the Plotio Note, Mr. Lai and Plotio Investment have promised to repay the Lai Loan and the Plotio Loan respectively to the Company in full on or before the Due Date of 21 February 2003. The obligation of Mr. Lai to repay the Lai Loan is guaranteed by Plotio Investment.

An SGM will be convened for the purpose of seeking approval by the Independent Shareholders to the Transactions. An independent committee of the board of directors will be formed to advise the Independent Shareholders in relation to the Transactions. An independent financial adviser will be appointed to advise such independent board committee.

A circular containing, among other things, the details of the Transactions, the recommendations of the independent board committee, the letter of advice from the independent financial adviser and notice of the SGM will be despatched to the shareholders of the Company as soon as practicable.

Mr. Lai and Plotio Investment are required to repay the Lai Loan and the Plotio Loan in full with an interest of one month HIBOR + 3% per annum immediately if approval of the Transactions is not obtained from Independent Shareholders at the SGM on or before 31 October 2002.

The auditors' report on the Group's financial statements for the year ended 31 March 2002 contains a qualified opinion because of limitation of scope on sufficient information regarding the financial resources of Mr. Lai to assess the recoverability of the Lai Loan.

The Stock Exchange has indicated that it reserves the right to take appropriate action against the Company and/or its Directors in respect of the breaches as mentioned below.

BACKGROUND

Pursuant to the Disposal Agreement, the Company has sold to Mr. Lai the entire issued share capital in each of the Sale Companies. The Sale Group principally engaged in property development and property related services. The Disposal Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company convened on 17 July 2000. Completion of the Disposal Agreement took place on 10 July 2001 ("Disposal Completion Date") whereupon the Sale Group ceased to be part of the Group. Details of the Disposal Agreement were disclosed in the Company's announcement dated 5 June 2000.

AMOUNT DUE FROM MR. LAI

Under the Disposal Agreement, the Disposal Consideration payable by Mr. Lai was the higher of (i) HK\$34,449,000 and (ii) the audited consolidated pro forma net asset value of the Sale Group as at 30 June 2000. On the Disposal Completion Date, the Disposal Consideration was determined at HK\$34,449,000.

Mr. Lai paid deposits of HK\$1,500,000 and HK\$18,000,000 on 2 June 2000 and 30 June 2000, respectively, in accordance with the Disposal Agreement. Under the Disposal Agreement, the Remaining Consideration of HK\$14,949,000 was to be settled by Mr. Lai on or before 10 July 2002, being the date falling one year after the Disposal Completion Date. The Remaining Consideration is non-interest bearing and is secured by 120,000,000 shares in the Company beneficially held by Mr. Lai. Mr. Lai did not pay the Remaining Consideration on 10 July 2002 as required under the Disposal Agreement and is currently overdue.

Based on the audited results of the Group as at 31 March 2002, an amount of about HK\$4,667,000 was outstanding from Mr. Lai. Such amount was transferred from indirect wholly owned subsidiary of the Company through Mr. Lai's current account to the Sale Group for the settlement of certain construction expenditures incurred by the Sale Group. During the period between April 2002 to the date of this announcement, Mr. Lai injected an amount of about HK\$2,190,000 into the Group which set off part of the amount due from Mr. Lai. As at the date of this announcement, an amount of about HK\$2,477,000 is currently still outstanding from Mr. Lai.

The aggregate amount due from Mr. Lai to the Company as at the date of this announcement, including the Remaining Consideration is about HK\$17,426,000, being the Lai Loan.

Under the Lai Note, Mr. Lai has promised to repay the Lai Loan to the Company in full with an interest of one month HIBOR + 3% per annum on or before the Due Date. However, Mr. Lai is required to repay the Lai Loan in full with an interest of one month HIBOR + 3% per annum immediately if the approval by the Independent Shareholders in respect of the Lai Note is not obtained at the SGM on or before 31 October 2002. The obligation of Mr. Lai to repay the Lai Loan is guaranteed by Plotio Investment. The unaudited net asset value of Plotio Investment as at 31 March 2002 amounted to about HK\$25 million.

AMOUNT DUE FROM PLOTIO INVESTMENT

Plotio Investment was a former subsidiary of the Company. After completion of the Disposal Agreement, Plotio Investment became a related company of the Company which is beneficially owned by Mr. Lai.

It is one of the conditions of the Disposal Agreement that all inter-company indebtedness (including shareholders' loans, accounts receivable on current account and other forms of indebtedness) between the Sale Group and other companies of the Group (excluding the Sale Group) outstanding as at 30 June 2000 shall have been net off and the net balance assigned to one of the Sale Companies to result in there being no outstanding balances due in respect of such indebtedness other than an amount due from that Sale Company to the Company as at 30 June 2000.

Although the inter-company indebtedness as described above was net off upon completion of the Disposal, during the year ended 31 March 2002, inter-company indebtedness continued to occur as if the Sale Group still constituted part of the Group. As a result, an amount of HK\$3,336,000 was due from Plotio Investment as at 31 March 2002 as stated in the 2002 annual report of the Company. As at the date of this announcement, Plotio Investment has settled about HK\$1,835,000, and accordingly, the Plotio Loan in the amount of about HK\$1,501,000 is currently still outstanding from Plotio Investment and is unsecured and interest free.

Plotio Investment has promised to repay the Plotio Loan in full with an interest of one month HIBOR + 3% per annum to the Company on or before the Due Date of 21 February 2003 under the Plotio Note. However, Plotio Investment is required to repay the Plotio Loan in full with an interest of one month HIBOR + 3% per annum immediately if the approval by the Independent Shareholders in respect of the Plotio Note is not obtained at the SGM on or before 31 October 2002.

CONNECTED TRANSACTIONS

Mr. Lai is a director and a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Plotio Investment is beneficially owned by Mr. Lai. The Transactions giving rise to the Lai Loan and the Plotio Loan constitute connected transactions of the Company under Rule 14.26 of the Listing Rules.

COMPLIANCE WITH THE LISTING RULES

Pursuant to Rule 14.26 of the Listing Rules, the Transactions are subject to approval by the Independent Shareholders at the SGM and Mr. Lai and his associates shall abstain from voting at the SGM. Details of the Transactions have been included in the 2002 annual report of the Company.

An independent committee of the board of directors will be formed to advise the Independent Shareholders in relation to the Transactions. An independent financial adviser will be appointed to advise such independent board committee.

A circular containing, among other things, the details of the Transactions, the recommendations of the independent board committee, the letter of advice from the independent financial adviser and notice of the SGM will be despatched to the shareholders of the Company as soon as practicable.

Mr. Lai and Plotio Investment are required to repay the Lai Loan and the Plotio Loan in full with an interest of one month HIBOR + 3% per annum immediately if approval of the Transactions is not obtained from Independent Shareholders at the SGM on or before 31 October 2002.

Due to an inadvertent oversight, disclosure of the Transactions in accordance with the Listing Rules was overlooked and no approval from the Independent Shareholders was sought. The Stock Exchange has indicated that the failure to make disclosure and to seek Independent Shareholders' approval constituted breaches of Rule 14.26 of the Listing Rules.

The auditors' report on the Group's financial statements for the year ended 31 March 2002 contains a qualified opinion because of limitation of scope on sufficient information regarding the financial resources of Mr. Lai to assess the recoverability of the Lai Loan.

The Stock Exchange has indicated that it reserves its rights to take further action against the Company in respect of such breaches.

The following defined terms are used in this announcement:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	HyComm Wireless Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors (including independent non-executive directors) of the Company
“Disposal”	disposal of the entire interests of the Group in the Sale Companies to Mr. Lai pursuant to the Disposal Agreement.
“Disposal Agreement”	the agreement dated 2 June 2000 entered into between the Company and Mr. Lai regarding the sale of the Sale Companies to Mr. Lai
“Disposal Consideration”	the consideration payable by Mr. Lai to the Company under the Disposal Agreement
“Due Date”	21 February 2003
“Group”	the Company and its subsidiaries
“Independent Shareholders”	holder(s) of the share(s) of the Company other than Mr. Lai and his associates
“Lai Loan”	the sum of about HK\$17,426,000 due from Mr. Lai to the Company as at the date of this announcement

“Lai Note”	the promissory note dated 22 August 2002 executed by Mr. Lai and Plotio Investment in favour of the Company in respect of the Lai Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lai”	Mr. Lai Yiu Keung, a substantial shareholder and a director of the Company
“Plotio Investment”	Plotio Investment (HK) Limited, a member of the Sale Group
“Plotio Loan”	the sum of about HK\$1,501,000 due from Plotio Investment to the Company as at the date of this announcement
“Plotio Note”	the promissory note dated 22 August 2002 executed by Plotio Investment in favour of the Company in respect of the Plotio Loan
“Remaining Consideration”	the sum of HK\$14,949,000, being the remaining balance of the Disposal Consideration due from Mr. Lai to the Company under the Disposal Agreement
“Sale Companies”	Plotio Assets Limited, Plotio Investment Limited, Plotio Development Limited, Plotio Services Limited and Plotio Finance Limited, being former subsidiaries of the Company sold to Mr. Lai pursuant to the Disposal Agreement
“Sale Group”	the Sale Companies and their respective subsidiaries, excluding certain subsidiaries which were retained by the Company on the terms of the Disposal Agreement
“SGM”	the special general meeting of the Company to be convened for the purpose of seeking approval by the Independent Shareholders to the Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the making of advances by the Group of the one part to Mr. Lai and Plotio Investment of the other part and the non-payment by Mr. Lai of the Remaining Consideration when due, which amounted to about HK\$3,336,000 and about HK\$19,616,000 as at 31 March 2002 respectively, giving rise to the Lai Loan and the Plotio Loan

By Order of the Board
Choy Mun Kei
Company Secretary

Hong Kong, 30 August 2002

* *for identification only*

Please also refer to the published version of this announcement in The Standard.