

Dear Shareholders,

I hereby present the annual report of HyComm Wireless Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2003 and summarise below the recent development and major activities of the Group during the year.

RESULTS OF THE GROUP

The Group recorded turnover for the year of approximately HK\$9.6 million and net loss for the year of approximately HK\$115.8 million. Net loss for the year is mainly attributable to deficit arising from the revaluation of investment properties, impairment loss in properties under development and impairment loss in investments in associates during the year.

DIVIDEND

The Board of Directors ("Directors") does not recommend the payment of final dividend for the year ended 31 March 2003.

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND USE OF PROCEEDS

On 18 December 2002, the Company entered into a placing agreement with Mayfair Securities Limited for placing of 200,000,000 new shares of the Company at issue price of HK\$0.13 per share. The net proceeds amounting to about HK\$25 million have been used (i) for payment of cash consideration payable in the amount of HK\$24 million for acquisition of Cyberware Communications Limited ("Cyberware") as mentioned below; and (ii) additional working capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group was principally engaged in the business of property investment and development and trading of communication products while the Group continued to re-engineer its businesses.

本人謹提呈華脈無線通信有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零零三年三月三十一日止年度之年報及在下文概述本集團近期之發展及本年度主要業務。

集團業績

本集團錄得營業額約9,600,000港元及本年虧損淨額約115,800,000港元，本年度虧損淨額主要源於年內投資物業重估減值、發展中物業減值虧損及聯營公司投資減值虧損。

股息

董事會（「董事會」）建議不派發截至二零零三年三月三十一日止年度之末期股息。

根據一般授權配售新股份

於二零零二年十二月十八日，本公司與美輝證券有限公司訂立配售協議以每股發行價0.13港元配售200,000,000股本公司新股份。配售所得款項淨額約25,000,000港元，已用作(i)下述收購世華資訊科技有限公司（「世華」）須支付現金代價24,000,000港元；及(ii)為本公司之額外營運資金。

管理層討論及分析

於回顧年度，本集團主要從事物業投資及發展及通訊產品貿易等業務，同時，本集團繼續重整其業務。

Business review

During the year under review, the decrease in turnover by about HK\$44 million is mainly attributable to the income related to property related services and certain property development projects contributing to the Group up to 30 June 2001 but no such contribution for the year. The increase in loss for the year by about HK\$18 million was mainly due to further impairment loss made for the properties held by the Group. The investment properties have continued to contribute to the Group. The properties under development held by the Group are still in the preliminary stage and the construction work will commence only at a later stage.

The Group's investments in Codebank Limited (listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited with stock code 8162 and its shares trading suspended since 14 May 2002), Cyberliving Holdings Limited (listed on GEM with stock code 8202 by means of Inno-Tech Holdings Limited in August 2002), Hycomm Technology Incorporated and Mobidog Inc. are still retained as long-term investments.

On 20 March 2002, an indirect wholly owned subsidiary of the Company entered into an agreement with certain vendors and warrantors to acquire 20% of the issued share capital in Megacom Holdings Limited ("Megacom") by issue of consideration shares of 200,000,000 new shares of the Company with other terms disclosed in the Company's announcement dated 20 March 2002. Megacom group is principally engaged in the advertising business in the PRC covering the design, production, placing and publication of advertisements.

On 28 May 2002, the Company entered into an agreement with certain vendors and warrantors to acquire about 37.04% of the issued share capital in Tekson International Telecom Limited ("Tekson") by issue of consideration shares of 400,000,000 new shares of the Company and other terms of this transaction have been disclosed in the Company's announcement dated 31 May 2002. Tekson group is principally engaged in the provision of support services to Guangdong Tekson Industry Co., Ltd. in respect of short message system business.

業務回顧

於回顧年度，營業額減少約44,000,000港元，主要由於物業有關服務及若干發展物業項目對本集團貢獻至二零零一年六月三十日止，但本年度並無此貢獻。本年度虧損增加約18,000,000港元乃由於本集團進一步為物業減值作出準備。投資物業繼續為本集團作出貢獻，本集團現有發展中物業仍然處於初步階段及建築工程只會較後才展開。

本集團之投資於數碼庫有限公司(於香港聯合交易所有限公司創業板(「創業板」)以股票編號8162上市及其股份自二零零二年五月十四日起暫停買賣)、現代數碼控股有限公司(於二零零二年八月以匯創控股有限公司名義於創業板以股票編號8202上市)、Hycomm Technology Incorporated及Mobidog Inc.仍維持作為長期投資。

於二零零二年三月二十日，本公司之一間全資附屬公司與若干賣方及保證人訂立協議以發行本公司200,000,000股本公司新股份作為代價股份以收購美格集團有限公司(「美格」)20%已發行股本，其他條款列於本公司於二零零二年三月二十日之公佈內。美格集團主要於中國從事廣告業務，包括設計、製作、發放及出版廣告。

於二零零二年五月二十八日，本公司與若干賣方及保證人訂立協議以發行本公司400,000,000股本公司新股份作為代價股份以收購香港泰信國際網絡有限公司(「香港泰信」)約37.04%已發行股本及此交易其他條款列於本公司於二零零二年五月三十一日之公佈內。香港泰信集團主要提供有關簡短訊息服務業務之支援服務予廣東泰信實業有限公司。

On 16 November 2002, the Company entered into an agreement with certain vendors and warrantors to acquire the entire issued share capital in Cyberware and the interest free shareholders' loan due from Cyberware to the vendors by issue of consideration shares of 340,000,000 new shares of the Company and cash of HK\$24 million. The other terms of this transaction have been disclosed in the Company's announcement dated 19 November 2002. Cyberware group is principally engaged in the provision of operating system for personal digital assistants and will be engaged in the Netphone business. This transaction has been completed subsequent to the year end date.

On 27 June 2003, an indirect wholly owned subsidiary of the Company entered into an agreement with certain vendors and warrantors to acquire about 60% of the issued share capital in Global Edge Technology Limited ("GET") by issue of consideration shares of 150,000,000 new shares of the Company with other terms disclosed in the Company's announcement dated 27 June 2003. GET group is principally engaged in the operation, management and development of short message services, technologies and other related services being used by telecom network operators in Hong Kong. This transaction has been completed subsequent to the year end date.

On 19 August 2003, an indirect wholly owned subsidiary of the Company entered into an agreement with the purchaser to dispose of the whole interest in the 12 villa houses erected in Beijing Dragon Villas, 8 Shun An South Road, Shun Yi District, Beijing, the PRC. The other terms of this transaction have been disclosed in the Company's announcement dated 28 August 2003. This transaction has been completed subsequent to the year end date.

於二零零二年十一月十六日，本公司與若干賣方及保證人訂立協議以發行340,000,000股本公司新股份作為代價股份及現金24,000,000港元以收購世華全部已發行股本及世華應付賣方免息股東貸款，此交易其他條款列於本公司於二零零二年十一月十九日之公佈內。世華集團主要提供個人數碼助理之操作系統及將會參與網機業務。此交易於年度終結日後完成。

於二零零三年六月二十七日，本公司之一間全資附屬公司與若干賣方及保證人訂立協議以發行150,000,000股本公司新股份作為代價股份以收購Global Edge Technology Limited(「GET」)約60%已發行股本，其他條款列於本公司於二零零三年六月二十七日之公佈內。GET集團主要參與短訊服務之運作、管理及發展；以及為香港電訊網絡營運商提供相關服務及技術。此交易於年度終結日後完成。

於二零零三年八月十九日，本公司之一間全資附屬公司與買方訂立協議以售出十二幢位處於中國北京順義區順安南路8號北京龍苑別墅之別墅洋房全部權益，此交易其他條款列於本公司於二零零三年八月二十八日之公佈內。此交易於年度終結日後完成。

Liquidity, financial resources, pledge of assets and contingent liabilities

The Group has bank and cash balance of approximately HK\$454,000 as at 31 March 2003. The Group's bank borrowings outstanding at 31 March 2003 amounted to approximately HK\$108 million, representing a decrease of approximately HK\$6 million as compared with the amounts outstanding at 31 March 2002. During the year, there is no material change in the level of bank borrowings of the Group. Due to further depreciation of property assets, its gearing level (total liabilities over equity) changed from 1.15 at 31 March 2002 to 1.47 at 31 March 2003. The borrowings outstanding at 31 March 2003 is secured by certain properties held by the Group and denominated in Hong Kong dollar only. As at 31 March 2003, the Group has no material contingent liability. 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.

Employee

As at 31 March 2003, the Group had 15 staff. In addition to the 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' discretionary.

Prospects

Gradual shift of its business strategy from property investment and development to technology-related and communication businesses allows the Group to focus its resources on technology-related and communication businesses in an attempt to broaden its earning base and catch new opportunities in the long run. By adopting a prudent approach in its new business development and financial strategy, the Group hopes to take advantage of new business opportunities with strong market momentum and potential. It is believed that the new business strategy will bring to the shareholders greater value created from the new business in the long run.

資產流動性、財務狀況、資產抵押及或然債務

本集團於二零零三年三月三十一日之銀行及現金結存約為454,000港元。本集團之銀行貸款餘額於二零零三年三月三十一日為約108,000,000港元，較二零零二年三月三十一日之餘額減少約6,000,000港元。年內，本集團銀行借貸水平並無重大變化，由於物業資產進一步貶值，其借貸比率（總負債除以股東資金）由於二零零二年三月三十一日之1.15改變至於二零零三年三月三十一日之1.47。於二零零三年三月三十一日之借貸乃以本集團若干物業作為抵押及以港元結算。於二零零三年三月三十一日，本集團並無重大或然債務，連同銀行及現金結存及其他流動資產，以及本集團備用銀行信貸，本集團有充足財務資源以應付其財務承諾及營運資金需求。

僱員

於二零零三年三月三十一日，本集團有15名僱員。除底薪外，僱員會獲發按工作表現計算之獎金及享有其他員工福利。此外，根據購股權計劃，董事會可酌情向本集團若干員工授出購股權。

前景

將業務策略之重點由物業投資及發展逐步轉移為科技有關及通訊業務容許本集團重點投放其資源於科技有關及通訊業務，長遠可擴大其盈利基礎及捕捉新機。採納審慎態度於新業務開發及財務策略，本集團可望因科技行業強勁之市場動力及優厚潛力帶來之全新商機而受惠。吾等相信，新業務策略會長遠因新業務為股東帶來更高之投資價值。

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.

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, 27 October 2003

審核委員會

本公司之審核委員會由兩位獨立非執行董事組成，審核委員會主要進行審閱及建議本集團之財務申報程序及內部監督系統。

本人僅代表董事會同寅，對一直支持本集團之股東及辛勤工作為本集團帶來貢獻之全體員工致謝。

此致

列位股東 台照

主席

黎耀強

香港，二零零三年十月二十七日