THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in HyComm Wireless Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or another agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

HyComm

HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00499)

MAJOR TRANSACTIONS
(1) ACQUISITION OF
MILLION GOOD SHARES AND MILLION GOOD LOAN
AND
(2) DISPOSAL OF
SALE SHARES AND SALE LOAN

A notice convening the SGM to be held at Units 5701-06, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong on Monday, 22 September 2008 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not Shareholders are able to attend the SGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM should Shareholders so wish.

* *for identification purpose only*

4 September 2008

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In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

"Acquisition"	the acquisition of Million Good Shares and Million Good Loan by Capital Up from Ms. Cheung and Mr. Choi pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional sale and purchase agreement dated 16 July 2008 and entered into among Capital Up, Ms. Cheung and Mr. Choi in respect of the Acquisition
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Capital Up"	Capital Up Holdings Limited, a direct wholly-owned subsidiary of the Company
"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
"connected person(s)"	has the meaning ascribed to this term under the Listing Rules
"Convertible Notes"	5% secured convertible notes due 2011 issued by the Company in a principal amount of HK$150,000,000 as disclosed in the announcement of the Company dated 15 October 2007
"Deed of Variation"	the deed of variation dated 29 August 2008 and entered into among Capital Up, Ms. Cheung and Mr. Choi in relation to the extension of the completion date for the Acquisition as disclosed in the Company's announcement dated 29 August 2008
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares and the Sale Loan by Rexy Investment and Plotio to Ever Rich pursuant to the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 8 August 2008 and entered into among Ever Rich, Rexy Investment and Plotio in relation to the Disposal
"Enlarged Group"	the Group immediately after completion of the Acquisition
"Ever Rich"	Ever Rich Develop Limited, an Independent Third Party

"Group"	the Company and its subsidiaries
"HKGAAP"	accounting principles generally accepted in Hong Kong
"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
"Independent Third Party" or "Independent Third Parties"	person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) who are not connected person(s) of the Company and is/are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as defined in the Listing Rules)
"Latest Practicable Date"	2 September 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Million Good"	Million Good Group Limited, a company incorporated in the British Virgin Islands and owned by Ms. Cheung as to 99% and Mr. Choi as to 1%
"Million Good Loan"	all amounts (whether principal, interest or otherwise) which Million Good owes to Ms. Cheung and Mr. Choi as at the date of completion of the Acquisition, the aggregate amount of which as at the Latest Practicable Date was approximately HK$16.0 million
"Million Good Property"	House No. 26 and the Garden on the Ground Floor and the Car Parking Spaces Nos. 26A and 26B on Basement, Las Pinadas, 33 Shouson Hill Road, Hong Kong
"Million Good Shares"	an aggregate of 100 ordinary shares of US$1.00 each, representing the entire issued share capital of Million Good, to be sold by Ms. Cheung and Mr. Choi to Capital Up pursuant to the Acquisition Agreement
"Mr. Choi"	Mr. Choi Chiu Fai, Stanley, an Independent Third Party

"Ms. Cheung"	Ms. Cheung Fung Kuen, Maggie, an Independent Third Party
"Oriental Gain"	Oriental Gain Properties Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Oriental Gain Property"	Basement and Shop No. 1 (formerly shop no. 991) on Ground Floor, Tak Lee Building, 993 King's Road, Hong Kong and Units 52, 53A, 53B, 56, 57, 58 and 60 on Basement (otherwise known as Lower Ground Floor), Po Lee Building and Wai Lee Building, Nos. 995 and 997 King's Road, Hong Kong
"Plotio"	Plotio Limited, a direct wholly-owned subsidiary of the Company
"Rexy Investment"	Rexy Investment Limited, an indirect wholly-owned subsidiary of the Company
"Sale Loan"	all amounts (whether principal, interest or otherwise) which Oriental Gain owes to the Company, Rexy Investment and Plotio as at the date of completion of the Disposal, the aggregate amount of which as at the Latest Practicable Date was approximately HK$69,892,000
"Sale Shares"	an aggregate of 100 ordinary shares of HK$1.00 each of Oriental Gain, representing the entire issued ordinary share capital of Oriental Gain, to be sold by Rexy Investment and Plotio to Ever Rich pursuant to the Disposal Agreement
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"SGM"	the special general meeting to be held by the Company to consider and, if thought fit, approve the Acquisition and the Disposal
"Share(s)"	ordinary share(s) of HK$0.005 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

HYCOMM WIRELESS LIMITED
華脈無線通信有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 00499)

Executive Directors
Mr. Lai Yiu Keung
Mr. Liu Shun Chuen
Mr. Yeung Sau Chung

Independent non-executive Directors
Mr. Jacobsen William Keith
Mr. Wu Wang Li
Mr. Ng Wai Hung

Registered office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong
2nd Floor, Hillier Building
273-277 Queen's Road Central
and 33 Hillier Street
Hong Kong

4 September 2008

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS (1) ACQUISITION OF MILLION GOOD SHARES AND MILLION GOOD LOAN AND (2) DISPOSAL OF SALE SHARES AND SALE LOAN

INTRODUCTION

On 22 July 2008, the Board announced that on 16 July 2008 (after trading hours), Capital Up entered into the Acquisition Agreement with Ms. Cheung and Mr. Choi, both are Independent Third Parties, whereby Capital Up has agreed to acquire and Ms. Cheung and Mr. Choi have agreed to sell the Million Good Shares, representing the entire issued share capital of Million Good, and the Million Good Loan for an aggregate consideration of HK$37,000,000, which will be satisfied by Capital Up in cash from internal resources of the Group. The Million Good Shares represent the entire issued share capital of Million Good, a company which owns Million Good Property.

* *for identification purpose only*

On 14 August 2008, the Board announced that on 8 August 2008 (after trading hours), Rexy Investment and Plotio entered into the Disposal Agreement with Ever Rich, an Independent Third Party, whereby Rexy Investment and Plotio have agreed to sell and Ever Rich has agreed to purchase the Sale Shares and the Sale Loan for an aggregate consideration of HK$42,900,000. The Sale Shares represent the entire issued ordinary share capital of Oriental Gain, a company which owns the Oriental Gain Property.

Each of the Acquisition and the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. As Ms. Cheung, Mr. Choi and Ever Rich are Independent Third Parties and have no interest in the Shares and no Shareholder has a material interest in the Acquisition and the Disposal which is different from other Shareholders, no Shareholder is required to abstain form voting in respect of the proposed ordinary resolutions to approve the Acquisition and the Disposal at the SGM.

The purpose of this circular is to provide you with further details of the Acquisition Agreement and the Disposal Agreement and to give you a notice of the SGM at which resolutions will be proposed for the Shareholders to consider and if thought fit, approve the Acquisition and the Disposal.

THE ACQUISITION AGREEMENT

Date

16 July 2008

Parties

Purchaser: Capital Up

Vendors: Ms. Cheung and Mr. Choi

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, Ms. Cheung and Mr. Choi are Independent Third Parties. Mr. Choi is a holder of the Convertible Notes in the principal amount of HK$8,000,000 which entitles him to convert into 16,000,000 Shares, representing approximately 1.9% of the entire issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Choi has not exercised the conversion rights attaching to the Convertible Notes held by him and as such, he is neither a substantial Shareholder nor a connected person of the Company as defined under the Listing Rules. Save as disclosed above, neither Ms. Cheung nor Mr. Choi holds any Shares or securities in the Company.

Assets to be acquired

The assets to be acquired comprise the Million Good Shares, representing the entire issued share capital of Million Good, and the Million Good Loan. Million Good legally and beneficially owns the Million Good Property. The only asset held by Million Good is Million Good Property. Upon completion of the Acquisition, Million Good will become an indirect wholly-owned subsidiary of the Company.

The Million Good Loan represents all amounts (whether principal, interest or otherwise) which Million Good owes to Ms. Cheung and Mr. Choi as at the date of completion of the Acquisition, the amount of which as at the Latest Practicable Date was approximately HK$16.0 million. The Million Good Loan was incurred from time to time by amounts advanced to Million Good by Ms. Cheung and Mr. Choi, and was unsecured, interest-free and repayable upon demand.

Consideration

The aggregate consideration of HK$37,000,000 shall be paid by Capital Up to Ms. Cheung and Mr. Choi in cash as follows:

(a) HK$2,000,000 being paid as a refundable deposit upon the signing of the Acquisition Agreement; and

(b) HK$35,000,000 being paid by Capital Up to Ms. Cheung and Mr. Choi on or before 270 days from the date of completion of the Acquisition.

If Capital Up elects to pay the balance of the consideration in the sum of HK$35,000,000 to Ms. Cheung and Mr. Choi after the date of completion of the Acquisition, Capital Up shall pay to Ms. Cheung and Mr. Choi an interest on the balance of the consideration calculated at the rate of 4% per annum from the date of completion of the Acquisition to the date of actual payment (the "Interest"). The Interest shall become due and payable by Capital Up upon the date of payment of the balance of the consideration. As a security for due payment of the consideration and the Interest by Capital Up, Capital Up has agreed to execute a share charge over the Million Good Shares in favour of Ms. Cheung and Mr. Choi upon completion of the Acquisition whereby Capital Up will pledge the Million Good Shares in favour of Ms. Cheung and Mr. Choi.

The consideration payable for the Acquisition was arrived at after arm's length negotiations between the parties to the Acquisition Agreement with reference to the net asset value of Million Good as at 31 May 2008 (excluding the Million Good Loan) of approximately HK$34.9 million (in which the Million Good Property was valued at approximately HK$64.0 million (based on a preliminary valuation indicated by B.I. Appraisals Limited, an independent property valuer as at 31 May 2008) and the outstanding bank loan and overdraft was approximately HK$29.1 million. The Million Good Property was valued at approximately HK$64.0 million as at 30 June 2008 based on the valuation report on the Million Good Property prepared by B.I. Appraisals Limited as set out in Appendix V to this circular. The purpose of the Million Good Loan was to finance Million Good's mortgage repayment for the Million Good Property. Million Good's outstanding bank loan of approximately HK$26.5 million as at 31 May 2008 represents the amount due to the bank for the mortgage of the Million Good Property. Million Good's outstanding bank overdraft of approximately HK$2.6 million as at 31 May 2008 was incurred to finance Million Good's mortgage repayment for the Million Good Property.

Ms. Cheung and Mr. Choi undertake to procure the settlement of Million Good's bank overdraft which amounted to approximately HK$2.6 million as at 31 May 2008 upon completion of the Acquisition. As such, the net asset value of Million Good (excluding the Million Good Loan) as mentioned above is expected to increase to approximately HK$37.5 million. The Directors (including the independent non-executive Directors) consider that the consideration for the Acquisition is fair and reasonable.

Conditions precedent

Completion of the Acquisition is conditional upon the following conditions being fulfilled and remaining fulfilled and/or waived by Capital Up as at the date of completion:–

(i) the passing by the Shareholders of a resolution to approve the Acquisition Agreement and the transaction contemplated hereunder at the SGM in accordance with the Listing Rules;

(ii) all consents of the Stock Exchange and the Securities and Futures Commission (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 Acquisition 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;

(iii) Capital Up having conducted a due diligence investigation in respect of Million Good and its subsidiaries including but not limited to their affairs, business, assets, legal and financial structure and Capital Up being satisfied with the results of such due diligence investigation in its absolute discretion;

(iv) Ms. Cheung and Mr. Choi having at their own costs and expenses proved and given a good title to the Million Good Property pursuant to Section 13 of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong);

(v) no event having occurred since the date of signing of the Acquisition Agreement to the date of completion, the consequence of which is to materially and adversely affect the financial position, business or the Million Good Property, results of operations or business prospects of Million Good and such material adverse changes (or effect) shall not have been caused; and

(vi) the warranties in the Acquisition Agreement remaining true and accurate in all material respects.

As Capital Up has not conducted a due diligence on the Million Good Property, which is the material asset of Million Good as at the date of the Acquisition Agreement, the condition (iv) that Ms. Cheung and Mr. Choi should prove that they have good title to the Million Good Property was included in the Acquisition Agreement unless such condition is waived by Capital Up.

Pursuant to the Acquisition Agreement as varied by the Deed of Variation, in the event that not all the above conditions precedent have been fulfilled or waived by Capital Up by no later than 5:00 p.m. on 31 October 2008 or such other date as Capital Up, Ms. Cheung and Mr. Choi may agree in writing, the Acquisition Agreement shall lapse and be of no further effect and Ms. Cheung and Mr. Choi shall forthwith return the deposit of HK$2,000,000 paid by Capital Up under the Acquisition Agreement to Capital Up.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Completion

Completion shall take place on the third Business Day on which all the above conditions precedent are satisfied or waived or such other date as may be agreed in writing among Capital Up, Ms. Cheung and Mr. Choi pursuant to the Acquisition Agreement as varied by the Deed of Variation.

INFORMATION ON CAPITAL UP

Capital Up is a direct wholly-owned subsidiary of the Company and is principally engaged in property investment.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company. 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 MILLION GOOD

Million Good is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Million Good is held by Ms. Cheung as to 99% and Mr. Choi as to 1%. Million Good is principally engaged in property investment. The only asset held by Million Good is the Million Good Property.

FINANCIAL INFORMATION ON MILLION GOOD

The following financial information in relation to Million Good for the period from 8 September 2006, being the date of incorporation of Million Good, to 31 March 2007 and for the year ended 31 March 2008 is extracted from Million Good's audited financial statements as set out in Appendix II to this circular:

	For the period from 8 September 2006 to 31 March 2007 *(approximately HK$ million)*	**For the year ended 31 March 2008** *(approximately HK$ million)*
Turnover	0	0
Profit before taxation	7.3	15.5
Profit after taxation	7.3	15.5

	As at 31 March	
	2007	**2008**
	(approximately HK$ million)	*(approximately HK$ million)*
Net Assets	7.3	22.7

INFORMATION ON MILLION GOOD PROPERTY

The Million Good Property comprises a residential property located at House No. 26 and the Garden on Ground Floor and the Car Parking Spaces Nos. 26A and 26B on Basement, Las Pinadas, 33 Shouson Hill Road, Hong Kong. The gross floor area of the Million Good Property (excluding the car parking spaces and ancillary areas thereof) is approximately 3,495 square feet. The Million Good Property is currently occupied by Ms. Cheung and Mr. Choi for residential purpose.

Pursuant to the Acquisition Agreement, upon completion of the Acquisition, Million Good as landlord will enter into a tenancy agreement with Ms. Cheung and Mr. Choi as tenants in respect of leasing of the Million Good Property. The tenancy agreement will be for a term of 2 years commencing from the date of completion of the Acquisition and the monthly rent will be HK$130,000. The monthly rent of HK$130,000 is determined with reference to the prevailing market rent of the properties at similar location and size. The Directors (including the independent non-executive Directors) are of the view that the terms of the tenancy agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The book value of the Million Good Property as recorded in Million Good's audited financial statements for the two years ended 31 March 2008 were approximately HK$48.0 million and HK$65.0 million, respectively. The Million Good Property is held by Million Good for investment purpose.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In view of the economy in Hong Kong, the Board is optimistic that the property investment has a promising outlook and the Acquisition will expand the Group's portfolio on property investment. As such, the Acquisition provides a good opportunity for the Group to look for additional income sources.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Set out in Appendix III to this circular is the unaudited pro forma financial information on the Enlarged Group which illustrates the financial impact of the Acquisition on the assets and liabilities of the Enlarged Group.

Upon completion of the Acquisition, Million Good will become a wholly-owned subsidiary of Capital Up and an indirect wholly-owned subsidiary of the Company. The financial results of Million Good will be consolidated into the financial results of the Company.

Total Assets

Based on the relevant unaudited pro forma financial information on the Enlarged Group extracted from Appendix III to this circular, the total assets of the Enlarged Group would increase by approximately 7.9%.

Total Liabilities

Based on the relevant unaudited pro forma financial information on the Enlarged Group extracted from Appendix III to this circular, the total liabilities of the Enlarged Group would increase by approximately 13.2%.

Earnings

Based on the relevant unaudited pro forma financial information on the Enlarged Group extracted from Appendix III to this circular, the Acquisition would bring in earnings of approximately HK$15.5 million to the Enlarged Group, which in turn would decrease the existing loss for the year of the Enlarged Group by approximately 54.7%.

THE DISPOSAL AGREEMENT

Date

8 August 2008 (after trading hours)

Parties

Vendors: Rexy Investment and Plotio

Purchaser: Ever Rich

Ever Rich is an investment holding company. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, Ever Rich and its ultimate beneficial owner are Independent Third Parties. The Company has not entered into any transaction with Ever Rich and/or its ultimate beneficial owner in the past 12 months.

Assets to be disposed of

The assets to be disposed of comprise the Sale Shares, representing the entire issued ordinary share capital of Oriental Gain, and the Sale Loan.

The Sale Loan represents all amounts (whether principal, interest or otherwise) which Oriental Gain owes to the Company, Rexy Investment and Plotio as at the date of completion of the Disposal (i.e., on or before 30 calendar days after the conditions precedent in the Disposal Agreement are satisfied or waived), the aggregate amount of which as at the Latest Practicable Date was approximately HK$69,892,000. The Sale Loan was incurred from time to time by amounts advanced to Oriental Gain by the Company, Rexy Investment and Plotio for the purposes of acquiring the Oriental Gain Property and financing the operating expenses of Oriental Gain.

Consideration

The aggregate consideration of HK$42,900,000 shall be paid by Ever Rich to Rexy Investment and Plotio in cash as follows:

(a) HK$10,000,000 being paid as a non-refundable deposit upon the signing of the Disposal Agreement; and

(b) HK$32,900,000 being paid upon completion of the Disposal.

The consideration was arrived at after arm's length negotiations between the parties to the Disposal Agreement with reference to the net asset value of Oriental Gain as at 30 June 2008 (excluding the Sale Loan) of approximately HK$51.3 million and the Oriental Gain Property being valued at approximately HK$83.0 million (based on a preliminary valuation indicated by CB Richard Ellis Limited, an independent property valuer, as at 8 August 2008) and the outstanding bank loan relating to the mortgage of the Oriental Gain Property of approximately HK$39.6 million.

The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable.

Conditions Precedent

Completion of the Disposal is conditional upon the following conditions being fulfilled and remaining fulfilled and/or waived by Ever Rich upon completion:–

(i) the passing by the Shareholders of a resolution to approve the Disposal Agreement and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules;

(ii) all consents of the Stock Exchange and the Securities and Futures Commission (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 Disposal 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;

(iii) Ever Rich having conducted a due diligence investigation in respect of Oriental Gain including but not limited to their affairs, business, assets, legal and financial structure and Ever Rich being satisfied with the results of such due diligence investigation in its absolute discretion;

(iv) no event having occurred since the date of signing of the Disposal Agreement to the date of completion, the consequence of which is to materially and adversely affect the financial position, business or the Oriental Gain Property, results of operations or business prospects of Oriental Gain and such material adverse changes (or effect) shall not have been caused; and

(v) the warranties in the Disposal 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 Ever Rich by no later than 5:00 p.m. on 30 September 2008 (or by such later date(s) as the parties to the Disposal Agreement may agree in writing), the Disposal 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 Disposal Agreement.

Completion

Completion shall take place on or before 30 calendar days after the conditions precedent in the Disposal Agreement are satisfied or waived.

INFORMATION ON ORIENTAL GAIN, REXY INVESTMENT AND PLOTIO

Oriental Gain is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property investment. As at the Latest Practicable Date, Oriental Gain has 100 ordinary shares of HK$1.00 each. Rexy Investment, an indirect wholly-owned subsidiary of the Company, and Plotio, a direct wholly-owned subsidiary of the Company, own 99 ordinary shares and 1 ordinary share in Oriental Gain, respectively. The only asset held by Oriental Gain is the Oriental Gain Property.

FINANCIAL INFORMATION ON ORIENTAL GAIN

The following is the audited financial information in relation to Oriental Gain 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 financial statements of Oriental Gain:

	For the year ended 31 March	
	2007	**2008**
	(approximately HK$ million)	*(approximately HK$ million)*
Turnover	4.4	3.6
Profit/(Loss) before taxation	10.8	(7.4)
Profit/(Loss) after taxation	11.1	(7.0)

	As at 31 March	
	2007	**2008**
	(approximately HK$ million)	*(approximately HK$ million)*
Net liabilities	10.9	18.0
Total assets	105.8	93.6

The profit after taxation of approximately HK$11.1 million for the year ended 31 March 2007 was generated from the revaluation surplus on the Oriental Gain Property of approximately HK$5.0 million and the writeback of the amounts due from a fellow subsidiary of approximately HK$7.0 million. The loss after taxation of approximately HK$7.0 million for the year ended 31 March 2008 was derived from the deficit on revaluation of the Oriental Gain Property of approximately HK$11.0 million, the finance cost of approximately HK$2.6 million and the writeback of the amount due from a fellow subsidiary of approximately HK$6.0 million. There was no outstanding balance of the amount due from the fellow subsidiary as at the Latest Practicable Date.

INFORMATION ON ORIENTAL GAIN PROPERTY

The Oriental Gain Property comprises Basement and Shop No. 1 (formerly shop no. 991) on Ground Floor, Tak Lee Building, 993 King's Road, Hong Kong and Units 52, 53A, 53B, 56, 57, 58 and 60 on Basement (otherwise known as Lower Ground Floor), Po Lee Building and Wai Lee Building, Nos. 995 and 997 King's Road, Hong Kong and is for commercial and retail use. The Property is sold subject to tenancy agreements. The Oriental Gain Property has 59 tenants who are all Independent Third Parties. The total gross floor area of the Oriental Gain Property is approximately 24,581 square feet. Approximately 84% of the total gross floor area of the Oriental Gain Property has been let to tenants. The tenancy agreements signed by Oriental Gain with the tenants are normally for a term of two years.

According to the tenancy agreements entered into between Oriental Gain and the tenants of the Oriental Gain Property, the turnover of Oriental Gain derived from the Oriental Gain Property for the two years ended 31 March 2008 were approximately HK$4.4 million and HK$3.6 million, respectively.

The book value of the Oriental Gain Property in the Group's audited consolidated accounts for the two years ended 31 March 2008 were approximately HK$100.0 million and HK$89.0 million, respectively. The Oriental Gain Property is held by Oriental Gain as investment property for rental purpose.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Taking into account that (i) for the past two years, rental income generated from the leasing of the Oriental Gain Property was not sufficient to support its annual mortgage and interest payments; and (ii) the Oriental Gain Property is of very old age and of low development value, the Board is of the opinion that the Disposal would provide additional cash and allow the Group to redeploy its resources to other investment opportunities that will offer better return.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The expected loss to be recorded by the Group in relation to the Disposal before expenses will be the difference between the amount of the consideration and the aggregate value of (i) the net liability of Oriental Gain; and (ii) the book value of the Sale Loan as at the date of completion of the Disposal. For illustration purpose only, based on the unaudited management accounts of Oriental Gain as at 30 June 2008, with the unaudited net liability of Oriental Gain amounting to approximately HK$17.8 million and the book value of the Sale Loan amounting to approximately HK$69.1 million, there would be a loss for the Group from the Disposal of approximately HK$8.4 million.

For illustration purpose only, based on the unaudited management accounts of Oriental Gain as at 30 June 2008, the expected financial effects of the Disposal are that the total assets of the Group will be decreased by approximately HK$50.7 million (representing the difference between the total asset value of Oriental Gain of approximately HK$93.6 million as at 30 June 2008 and the consideration of HK$42.9 million to be received) attributable to the disposal of the fixed assets by the Group as a result of the Disposal. The total liabilities of the Group will also be decreased by approximately HK$42.3 million attributable to the decrease in the amount of the outstanding bank loans of approximately HK$39.6 million and other payables and liabilities of approximately HK$2.7 million due by the Group in respect of the Oriental Gain Property following the Disposal.

Upon completion of the Disposal, Oriental Gain will cease to be an indirect wholly-owned 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$42.5 million (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. As at the Latest Practicable Date, save for the Acquisition as disclosed in the above, the Company has not identified any potential investment projects.

LISTING RULES IMPLICATIONS

Each of the Acquisition and the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. As Ms. Cheung, Mr. Choi and Ever Rich are Independent Third Parties and have no interest in the Shares and no Shareholder has a material interest in the Acquisition and the Disposal which is different from other Shareholders, no Shareholder is required to abstain form voting in respect of the proposed ordinary resolutions to approve the Acquisition and the Disposal.

PROCEDURES FOR DEMANDING A POLL

According to bye-law 66 of the bye-laws of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

(1) the Chairman of such meeting; or

(2) at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(3) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(4) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

SGM

Set out on pages SGM-1 to SGM-2 of this circular is a notice convening the SGM to consider and, if thought fit, to approve the Acquisition Agreement and the Disposal Agreement and the transactions contemplated therein. A form of proxy for use at the SGM is enclosed herewith.

Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors consider that the Acquisition contemplated under the Acquisition Agreement and the Disposal contemplated under the Disposal Agreement are in the interests of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement and the Disposal Agreement are fair and reasonable and on normal commercial terms. Therefore, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. SUMMARY OF CONSOLIDATED INCOME STATEMENT, BALANCE SHEET, STATEMENT OF CHANGES IN EQUITY AND CASH FLOW STATEMENT OF THE GROUP AS AT AND FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2008

Set out below is a summary of the audited consolidated income statement, balance sheet, statement of changes in equity and cash flow statement of the Group as at and for each of the three years ended 31 March 2008, as extracted from the Company's annual report for the year ended 31 March 2006, 2007 and 2008.

CONSOLIDATED INCOME STATEMENT

	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	11,062	13,206	12,673
Other operating income	3,994	439	2,282
	15,056	13,645	14,955
Operating costs	(13,920)	(11,682)	(14,442)
Staff costs	(5,008)	(6,242)	(6,647)
Amortisation of prepaid lease payments	(40)	(71)	(71)
Surplus/(Deficit) arising from revaluation of investment properties	(8,100)	18,250	45,250
Surplus arising from revaluation of properties, plant and equipment	27	285	21
Impairment loss recognised in respect of interests in leasehold land held for own use under operating leases	–	(13,936)	–
Impairment loss recognised in respect of other assets	–	(336)	(505)
Impairment loss recognised in respect of goodwill	–	–	(2,212)
	(27,041)	(13,732)	21,394
Profit/(Loss) from operating activities	(11,985)	(87)	36,349
Profit on disposal of investment properties	–	–	5,793
Profit on disposal of rural land exploitation right	800	–	–
Profit on disposal of available-for-sale financial assets	17,880	–	–
Impairment loss recognised in respect of available-for-sale financial assets	(27,431)	–	–
Loss on disposal of a subsidiary	(44)	(480)	–
Finance costs	(7,641)	(6,815)	(6,321)
	(28,421)	(7,382)	35,821
Share of results of associates	(15)	(2)	(13)
Profit/(Loss) before taxation	(28,436)	(7,384)	35,808
Taxation	152	219	245
Profit/(Loss) for the year	(28,284)	(7,165)	36,053
Attributable to:			
Equity shareholders of the Company	(29,158)	(8,509)	35,377
Minority interests	874	1,344	676
Profit/(Loss) for the year	(28,284)	(7,165)	36,053
	Cents	*Cents*	*Cents*
Earnings/(Loss) per Share			
– Basic	(0.88)	(0.29)	1.19
– Diluted	(0.57)	–	–

CONSOLIDATED BALANCE SHEET

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Investment properties	189,900	216,000	206,750
Properties, plant and equipment	5,844	7,600	4,944
Interests in leasehold land held for own use under operating leases	13,175	13,215	27,222
Interests in associates	1,965	2,812	1,769
Available-for-sale financial assets	61,808	13,537	2,650
	272,692	253,164	243,335
Current assets			
Receivables, deposits and prepayments	54,698	1,143	1,161
Bank and cash balances	201,917	642	282
	256,615	1,785	1,443
Current liabilities			
Payables and accrued charges	20,075	22,904	16,480
Deposits received	22,902	1,115	783
Amount due to former shareholders	–	–	4,295
Amount due to a director	11,805	17,244	416
Bank and other borrowings – due within one year	60,802	20,596	22,342
Taxes payable	1,422	1,148	1,167
	117,006	63,007	45,483
Net current assets/(liabilities)	139,609	(61,222)	(44,040)
Total assets less current liabilities	412,301	191,942	199,295
Non-current liabilities			
Bank and other borrowings – due after one year	59,030	72,255	83,111
Deferred tax liabilities	3,759	4,185	4,404
Convertible notes	137,674	–	–
	200,463	76,440	87,515
Net assets	211,838	115,502	111,780
Capital and reserves			
Share capital	416,064	298,064	298,064
Share premium and reserves	(207,383)	(184,845)	(187,223)
Total equity attributable to equity shareholders of the Company	208,681	113,219	110,841
Minority interests	3,157	2,283	939
Total equity	211,838	115,502	111,780

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Total equity at beginning of the year	115,502	111,780	75,842
Net income/(expense) recognised directly in equity:			
Changes in fair value of available-for-sale financial assets	–	10,887	(115)
Net income/(expense) for the year recognised directly in equity	–	10,887	(115)
Transfers from equity:			
Transfer to income statement on disposal of available-for-sale financial assets	(10,772)	–	–
Profit/(Loss) for the year	(28,284)	(7,165)	36,053
Total recognised income and expense for the year	(39,056)	3,722	35,938
Attributable to:			
Equity shareholders of the Company	(39,930)	2,378	35,262
Minority interests	874	1,344	676
	(39,056)	3,722	35,938
Movements in equity arising from capital transactions:			
Shares issued	118,000	–	–
Increase in share premium	7,515	–	–
Equity component of convertible notes	9,877	–	–
	135,392	–	–
Total equity at end of the year	211,838	115,502	111,780

CONSOLIDATED CASH FLOW STATEMENT

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Profit/(Loss) before taxation	(28,436)	(7,384)	35,808
Adjustments for:			
Amortisation of prepaid lease payment	40	71	71
(Surplus)/Deficit arising from revaluation of:			
Investment properties	8,100	(18,250)	(45,250)
Properties, plant and equipment	(27)	(285)	(21)
Impairment loss recognised in respect of:			
Interests in leasehold land held for own use under operating leases	–	13,936	–
Other assets	–	336	505
Goodwill	–	–	2,212
Available-for-sale financial assets	27,431	–	–
Profit on disposal of:			
Investments in securities	–	–	(225)
Rural land exploitation right	(800)	–	–
Available-for-sale financial assets	(17,880)	–	–
Investment properties	–	–	(5,793)
Loss on disposal of a subsidiary	44	480	–
Share of results of associates	15	2	13
Interest expenses	7,641	6,815	6,321
Depreciation	1,902	2,514	4,014
Write off assets	–	–	11
Operating loss before working capital changes	(1,970)	(1,765)	(2,334)
Increase in receivables, deposits and prepayments	(639)	(1,363)	(696)
Increase/(decrease) in payables and accrued charges	(13,522)	2,732	(4,037)
Increase in deposits received	21,787	332	101
Increase/(decrease) in amount due to a director	(5,439)	16,828	416
Cash generated from/(used in) operations	217	16,764	(6,550)
Interest paid	(5,644)	(7,395)	(5,303)
Hong Kong Profits Tax paid	–	(19)	(74)
Net cash from/(used in) operating activities	(5,427)	9,350	(11,927)

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from investing activities			
Purchases of properties, plant and equipment	(119)	(4,885)	(164)
Purchase of rural land exploitation right	(58,000)	–	–
Proceed from disposal of rural land exploitation right	5,880	–	–
Disposal of a subsidiary, net of cash and cash equivalents disposed of	17,960	8,497	–
Purchase of available-for-sale financial assets	(3,239)	–	–
Net proceeds from disposal of available-for-sale financial assets	31,417	–	–
Sale proceeds from disposal of investment in securities	–	–	225
Net sale proceeds from disposal of investment properties	–	–	17,793
Net cash from/(used in) investing activities	(6,101)	3,612	17,854
Cash flows from financing activities			
Net proceeds from issue of share capital	39,513	–	–
Net proceeds from issue of convertible notes	146,400	–	–
Repayment of bank borrowings	(8,463)	(12,974)	(8,102)
Proceeds from other borrowings	36,000	–	–
Repayment of other borrowings	(556)	(632)	(1,450)
Net cash from/(used in) financing activities	212,894	(13,606)	(9,552)
Net increase/(decrease) in cash and cash equivalents	201,366	(644)	(3,625)
Cash and cash equivalents at beginning of the year	(11,315)	(10,671)	(7,046)
Cash and cash equivalents at end of the year	190,051	(11,315)	(10,671)
Analysis of cash and cash equivalents			
Bank and cash balances	201,917	642	282
Bank overdrafts	(11,866)	(11,957)	(10,953)
	190,051	(11,315)	(10,671)

2. FINANCIAL STATEMENTS OF THE GROUP

Set out below are the full text of the audited financial statements of the Group for the year ended 31 March 2008 as extracted from the 2008 annual report of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	4	11,062	13,206
Other operating income	5	3,994	439
		15,056	13,645
Operating costs		(13,920)	(11,682)
Staff costs	6(a)	(5,008)	(6,242)
Amortisation of prepaid lease payments	14	(40)	(71)
Surplus/(Deficit) arising from revaluation of investment properties	12	(8,100)	18,250
Surplus arising from revaluation of properties, plant and equipment	13	27	285
Impairment loss recognised in respect of interests in leasehold land held for own use under operating leases	14	–	(13,936)
Impairment loss recognised in respect of other assets		–	(336)
		(27,041)	(13,732)
Loss from operating activities	6	(11,985)	(87)
Profit on disposal of rural land exploitation right	18	800	–
Profit on disposal of available-for-sale financial assets		17,880	–
Impairment loss recognised in respect of available-for-sale financial assets	17	(27,431)	–
Loss on disposal of a subsidiary	29	(44)	(480)
Finance costs	7	(7,641)	(6,815)
		(28,421)	(7,382)
Share of results of associates	16	(15)	(2)
Loss before taxation		(28,436)	(7,384)
Taxation	9	152	219
Loss for the year		(28,284)	(7,165)
Attributable to:			
Equity shareholders of the Company	27	(29,158)	(8,509)
Minority interests	27	874	1,344
Loss for the year		(28,284)	(7,165)
		Cents	*Cents*
Loss per share			
Basic	11	(0.88)	(0.29)
Diluted	11	(0.57)	–

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties	12	189,900	216,000
Properties, plant and equipment	13	5,844	7,600
Interests in leasehold land held for own use under operating leases	14	13,175	13,215
Interests in associates	16	1,965	2,812
Available-for-sale financial assets	17	61,808	13,537
		272,692	253,164
Current assets			
Receivables, deposits and prepayments	19	54,698	1,143
Bank and cash balances		201,917	642
		256,615	1,785
Current liabilities			
Payables and accrued charges	20	20,075	22,904
Deposits received	21	22,902	1,115
Amount due to a director	33(a)	11,805	17,244
Bank and other borrowings – due within one year	22	60,802	20,596
Taxes payable		1,422	1,148
		117,006	63,007
Net current assets/(liabilities)		139,609	(61,222)
Total assets less current liabilities		412,301	191,942

	Notes	2008 HK$'000	2007 HK$'000
Non-current liabilities			
Bank borrowings – due after one year	22	59,030	72,255
Deferred tax liabilities	28	3,759	4,185
Convertible notes	24	137,674	–
		200,463	76,440
Net assets		211,838	115,502
Capital and reserves			
Share capital	25	416,064	298,064
Share premium and reserves	27	(207,383)	(184,845)
Total equity attributable to equity shareholders of the Company		208,681	113,219
Minority interests	27	3,157	2,283
Total equity		211,838	115,502

BALANCE SHEET
At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Interests in subsidiaries	15	302,855	117,266
Current assets			
Deposits and prepayments	19	52,920	–
Bank and cash balances		52,607	15
		105,527	15
Current liabilities			
Payables and accrued charges	20	4,007	4,062
Deposits received	21	21,420	–
Amount due to a director	33(a)	600	–
Bank and other borrowings			
– due within one year	22	36,000	–
		62,027	4,062
Net current assets/(liabilities)		43,500	(4,047)
Total assets less current liabilities		346,355	113,219
Non-current liabilities			
Convertible notes	24	137,674	–
Net assets		208,681	113,219
Capital and reserves			
Share capital	25	416,064	298,064
Share premium and reserves	27	(207,383)	(184,845)
Total equity		208,681	113,219

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2008

		2008		2007	
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total equity at beginning of the year			115,502		111,780
Net income recognised directly in equity:					
Changes in fair value of available-for-sale financial assets	*27*		–		10,887
Net income for the year recognised directly in equity			–		10,887
Transfers from equity:					
Transfer to income statement on disposal of available-for-sale financial assets	*27*		(10,772)		–
Loss for the year	*27*		(28,284)		(7,165)
Total recognised income and expense for the year			(39,056)		3,722
Attributable to:					
Equity shareholders of the Company		(39,930)		2,378	
Minority interests	*27*	874		1,344	
		(39,056)		3,722	
Movements in equity arising from capital transactions:					
Shares issued	*25*		118,000		–
Increase in share premium	*27*		7,515		–
Equity component of convertible notes	*24*		9,877		–
			135,392		–
Total equity at end of the year			211,838		115,502

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Cash flows from operating activities			
Loss before taxation		(28,436)	(7,384)
Adjustments for:			
Amortisation of prepaid lease payment		40	71
(Surplus)/Deficit arising from revaluation of:			
Investment properties		8,100	(18,250)
Properties, plant and equipment		(27)	(285)
Impairment loss recognised in respect of:			
Interests in leasehold land held for own use under operating leases		–	13,936
Other assets		–	336
Available-for-sale financial assets		27,431	–
Profit on disposal of:			
Rural land exploitation right		(800)	–
Available-for-sale financial assets		(17,880)	–
Loss on disposal of a subsidiary	*29*	44	480
Share of results of associates		15	2
Interest expenses		7,641	6,815
Depreciation		1,902	2,514
Operating loss before working capital changes		(1,970)	(1,765)
Increase in receivables, deposits and prepayments		(639)	(1,363)
Increase/(decrease) in payables and accrued charges		(13,522)	2,732
Increase in deposits received		21,787	332
Increase/(decrease) in amount due to a director		(5,439)	16,828
Cash generated from operations		217	16,764
Interest paid		(5,644)	(7,395)
Hong Kong Profits Tax paid		–	(19)
Net cash from/(used in) operating activities		(5,427)	9,350

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from investing activities			
Purchases of properties, plant and equipment		(119)	(4,885)
Purchase of rural land exploitation right	18	(58,000)	–
Proceed from disposal of rural land exploitation right		5,880	–
Disposal of a subsidiary, net of cash and cash equivalents disposed of	29	17,960	8,497
Purchase of available-for-sale financial assets		(3,239)	–
Net proceeds from disposal of available-for-sale financial assets		31,417	–
Net cash from/(used in) investing activities		(6,101)	3,612
Cash flows from financing activities			
Net proceeds from issue of share capital		39,513	–
Net proceeds from issue of convertible notes		146,400	–
Repayment of bank borrowings		(8,463)	(12,974)
Proceeds from other borrowings		36,000	–
Repayment of other borrowings		(556)	(632)
Net cash from/(used in) financing activities		212,894	(13,606)
Net increase/(decrease) in cash and cash equivalents		201,366	(644)
Cash and cash equivalents at beginning of the year		(11,315)	(10,671)
Cash and cash equivalents at end of the year		190,051	(11,315)
Analysis of cash and cash equivalents			
Bank and cash balances		201,917	642
Bank overdrafts	22	(11,866)	(11,957)
		190,051	(11,315)

Notes to the Financial Statements

Year ended 31 March 2008

1. GENERAL

The Company is a public limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 38 to the financial statements.

2. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new and revised Hong Kong Financial Reporting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in the financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendments to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as set out below.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosures given the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation. These disclosures are set out in note 36.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 35.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standards or interpretations that are not yet effective for the current accounting period.

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and new interpretations which are not yet effective for the year ended 31 March 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far, it has concluded that their adoption is unlikely to have a significant impact on the Group's result of operations and financial position.

HKAS 1 (Revised), *Presentation of Financial Statements* requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs.

HKAS 23 (Amendment), *Borrowing Costs* requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing such borrowing costs will be thereby no longer be available.

HKFRS 8, *Operating Segments* requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

All of the above amendments and standards will be effective for annual periods beginning on or after 1 January 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

– Investment properties (note 3k);

– Buildings (note 3l); and

– Financial assets classified as available-for-sale (note 3p)

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are set out in note 37.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates made up to 31 March each year.

(d) Subsidiaries and minority interests

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from their activities.

An investment in a controlled subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions together with any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to a minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority shareholder's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses.

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition changes in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of associates for the year, including any impairment losses on goodwill relating to the investments in associates recognised for the year.

When the Group's share of losses exceeds its interest in an associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in associates, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in the income statement.

(f) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Group about events that have an impact on the asset's estimated future cash flows as significant financial difficulty of the debtor.

Impairment losses for trade debtors and bills receivable included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

(g) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(h) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 3q, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in the income statement on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

(j) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the income statement.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(k) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement. Rental income from investment properties is accounted for as described in note 3y.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property. Any such property interest which has been classified as investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

Property that is being constructed or developed for future use as investment property is classified as properties, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

(l) Properties, plant and equipment

Properties, plant and equipment other than buildings are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after properties, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement for the period in which it is incurred.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair values at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity that the carrying amounts do not differ materially from those which would be determined using fair values at the balance sheet date.

Any revaluation increase arising from the revaluation of such buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of such buildings is charged to the income statement to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the income statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings/deficit.

The gain or loss arising from the disposal or retirement of an item of properties, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is calculated to write off the cost or valuation of properties, plant and equipment, less their estimated residual value, if any, using the straight-line method, at the following rates per annum:

Buildings	2%
Furniture, fixtures and equipment	20–30%
Motor vehicles	20–30%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(n) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(o) Intangible assets (other than goodwill)

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

Rural land exploitation right and other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

(p) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are set out below.

Investments in debt and equity securities are initially stated at cost, which are their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as set out below, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the income statement as incurred. At each balance sheet date the fair value is remeasured, with any resultant gains or losses being recognised in the income statement.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

Other investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. When these investments are derecognised or impaired, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the income statement on initial recognition of any deferred income.

The amount initially recognised as deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Taxation

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movement in deferred tax assets and liabilities are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

A deferred tax asset is also recognised for the carryforward of unused tax losses to the extent that it is probable that taxable profits will be available against which the carryforward of the unused tax losses can be utilised.

(s) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowings costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated using the foreign exchange rates ruling at the dates the fair values were determined.

(u) Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the scheme. Contributions are made based on a percentage of employee basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF scheme.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and properties, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, and corporate and financing expenses.

(w) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases.

Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms.

Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Land lease prepayments are stated at cost less accumulated amortisation and any impairment, and are amortised over the remaining lease terms on the straight-line basis to the income statement.

(x) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is a subsidiary, an associate of the Company and the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individual;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individual; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(y) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sales of goods are recognised when goods are delivered and title has passed.

(ii) Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on the straight-line basis over the terms of the relevant leases.

(iii) Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

(iv) Service fee income is recognised as revenue when inter-operator short message services are rendered.

4. TURNOVER AND SEGMENT INFORMATION

Turnover represents the amount received and receivable for rentals, goods sold to outside customers and Short Message Services ("SMS") provided for the year, and is analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Property rental income	4,934	5,556
SMS	5,983	7,323
Sale of goods	145	327
	11,062	13,206

Business segments

For management purposes, the Group is organised into three operating divisions, namely, leasing of properties, SMS and sale of goods. These divisions are the basis on which the Group reports its primary segment information as set out below.

Consolidated income statement for the year ended 31 March 2008

	SMS	Leasing of properties	Sale of goods	Unallocated items	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
External sales	5,983	4,934	145	–	11,062
Inter-segment sales	–	–	–	–	–
Total turnover	5,983	4,934	145	–	11,062
RESULTS					
Segment results	2,407	(303)	(1,617)		487
Unallocated other income				3,719	3,719
Amortisation of prepaid lease payments		(16)		(24)	(40)
Deficit arising from revaluation of investment properties		(8,100)			(8,100)
Surplus arising from revaluation of properties, plant and equipment		15		12	27
Unallocated corporate expenses				(8,078)	(8,078)
Loss from operating activities					(11,985)
Profit on disposal of rural land exploitation right				800	800
Profit on disposal of available-for-sale financial assets				17,880	17,880
Impairment loss recognised in respect of available-for-sale financial assets				(27,431)	(27,431)
Loss on disposal of a subsidiary				(44)	(44)
Finance costs		(5,478)		(2,163)	(7,641)
Share of results of associates	(15)				(15)
Loss before taxation					(28,436)
Taxation		426		(274)	152
Loss for the year					(28,284)
Attributable to:					
Equity shareholders of the Company					(29,158)
Minority interests					874
					(28,284)
OTHER INFORMATION					
Depreciation	38	1,822	30	12	1,902
ASSETS					
Segment assets	2,817	214,888	326		218,031
Unallocated corporate assets				311,276	311,276
Consolidated total assets					529,307
LIABILITIES					
Segment liabilities	818	87,039	1,137		88,994
Unallocated corporate liabilities				228,475	228,475
Consolidated total liabilities					317,469

Consolidated income statement for the year ended 31 March 2007

	SMS	Leasing of properties	Sale of goods	Unallocated items	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
External sales	7,323	5,556	327	–	13,206
Inter-segment sales	–	–	–	–	–
Total turnover	7,323	5,556	327	–	13,206
RESULTS					
Segment results	3,361	1,217	(1,670)		2,908
Unallocated other income				23	23
Amortisation of prepaid lease payments				(71)	(71)
Surplus arising from revaluation of investment properties		18,250			18,250
Surplus arising from revaluation of properties, plant and equipment		129	156		285
Impairment loss recognised in respect of interests in leasehold land held for own use under operating leases				(13,936)	(13,936)
Impairment loss recognised in respect of other assets			(336)		(336)
Unallocated corporate expenses				(7,210)	(7,210)
Loss from operating activities					(87)
Loss on disposal of a subsidiary		(480)			(480)
Finance costs		(6,815)			(6,815)
Share of results of associates	(2)				(2)
Loss before taxation					(7,384)
Taxation		219			219
Loss for the year					(7,165)
Attributable to:					
Equity shareholders of the Company					(8,509)
Minority interests					1,344
					(7,165)
OTHER INFORMATION					
Depreciation	1,611	874	21	8	2,514
ASSETS					
Segment assets	3,114	224,924	406		228,444
Unallocated corporate assets				26,505	26,505
Consolidated total assets					254,949
LIABILITIES					
Segment liabilities	258	99,517	1,029		100,804
Unallocated corporate liabilities				38,643	38,643
Consolidated total liabilities					139,447

Geographical segments

Most of the property activities of the Group are based in Hong Kong and most of the Group's turnover and loss before taxation are mainly derived from Hong Kong.

5. OTHER OPERATING INCOME

	2008	**2007**
	HK$'000	*HK$'000*
Bank interest income	2,402	–
Interest income on financial assets not at fair value through the income statement	2,402	–
Gains on foreign exchange	1,315	–
Miscellaneous	277	439
	3,994	439

6. LOSS FROM OPERATING ACTIVITIES

	2008	**2007**
	HK$'000	*HK$'000*
Loss from operating activities is arrived at after charging:		
(a) Staff costs		
Salaries, bonuses and awards (including directors' emoluments)	4,938	6,146
Contributions to defined contribution plan	66	87
Staff welfare	4	9
	5,008	6,242
(b) Other items		
Auditor's remuneration		
– audit services	695	495
– other services	171	–
Depreciation	1,902	2,514
Operating lease charges in respect of rented premises	1,154	1,154
and after crediting:		
Rental income, net of outgoings	2,333	2,946

7. FINANCE COSTS

	2008	**2007**
	HK$'000	*HK$'000*
Finance costs comprise interest on:		
Bank borrowings wholly repayable within five years	3,643	4,406
Bank borrowings not wholly repayable within five years	1,818	2,353
Other borrowings	2,180	56
Total interest expense on financial liabilities not at fair value through the income statement	7,641	6,815

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

Directors' emoluments

Directors' emoluments disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

	Directors' fees		Salaries, allowances and benefits in kind		MPF contributions		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors								
Lai Yiu Keung	–	–	2,400	2,400	12	12	2,412	2,412
Chung Lai Ha	–	–	540	720	9	12	549	732
Kwok Chong, Anthony	–	–	455	600	9	12	464	612
Lai Man Kon	–	–	180	240	–	–	180	240
Liu Shun Chuen	–	–	–	–	–	–	–	–
Yeung Sau Chung	–	–	–	–	–	–	–	–
Wan Tak Wing, Peter	–	–	–	–	–	–	–	–
Non-executive director								
Ho Yee Lin, Elaine	–	–	–	–	–	–	–	–
Independent non-executive directors								
Li Mow Ming, Sonny	180	240	–	–	–	–	180	240
Ng Wai Hung	90	120	–	–	–	–	90	120
Chan Kwok Kay	90	120	–	–	–	–	90	120
Wu Wang Li	–	–	–	–	–	–	–	–
Ng Wai Hung	–	–	–	–	–	–	–	–
Jacobsen William Keith	–	–	–	–	–	–	–	–
Tam Chi Ling, Elaine	–	–	–	–	–	–	–	–
	360	480	3,575	3,960	30	36	3,965	4,476

The remuneration of the directors is within the following band:

	2008 Number of directors	2007 Number of directors
Up to HK$1,000,000	6	6
HK$1,000,001 to HK$2,500,000	1	1

Highest paid individuals

The five highest paid individuals of the Group included three (2007: four) executive directors, details of whose emoluments are set out above. The emoluments of the remaining two (2007: one) highest paid individuals, other than executive directors of the Company, are as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and allowances	695	650
MPF contributions	24	12
	719	662

The emoluments of each of the highest paid individuals who are not executive directors of the Company were within the band of HK$ nil to HK$1,000,000 in both years.

9. TAXATION

(a) Taxation in the consolidated income statement represents:

	2008	**2007**
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong profits tax		
– provision for the year	274	–
Deferred tax – origination and reversal of temporary differences	(426)	(219)
	(152)	(219)

The provision for Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits for the year.

(b) Reconciliation between taxation and loss before taxation at applicable tax rates:

	2008		**2007**	
	HK$'000	*%*	*HK$'000*	*%*
Loss before taxation	(28,436)		(7,384)	
Notional tax on loss before taxation, calculated at the statutory rates of 17.5%	(4,976)	17.5	(1,292)	17.5
Tax effect of non-deductible expenses	6,827	(24.0)	113	(1.5)
Tax effect of non-taxable revenue	(1,306)	4.6	(3,232)	43.8
Tax effect of unused tax losses not recognised	734	(2.6)	2,235	(30.3)
Tax effect of prior year tax losses utilised this year	(151)	0.5	(855)	11.6
Tax effect of temporary differences not recognised	(1,280)	4.5	2,812	(38.1)
Taxation for the year	(152)	0.5	(219)	3.0

10. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of HK$39,930,000 (2007: HK$2,378,000) which has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share for the year ended 31 March 2008 is based on the loss attributable to equity shareholders of the Company of approximately HK$29,158,000 (2007: HK$8,509,000) divided by the weighted average number of 3,326,185,463 shares (2007: 2,980,639,015 shares) in issue during the year.

Weighted average number of ordinary shares

	2008	**2007**
	'000	*'000*
Issued ordinary shares at 1 April	2,980,639	2,980,639
Effect of new share placement *(note 25)*	199,344	–
Effect of issue of shares *(note 25)*	146,202	–
	3,326,185	2,980,639

(b) Diluted loss per share

The calculation of diluted loss per share for the year ended 31 March 2008 is based on the loss attributable to equity shareholders of the Company of approximately HK$27,426,000 divided by the weighted average number of 4,826,185,463 shares in issue during the year.

Diluted loss per share for the year ended 31 March 2007 has not been presented as there was no potentially dilutive ordinary shares in existence during the year.

Loss attributable to equity shareholders of the Company (diluted)

	2008
	HK$'000
Loss attributable to equity shareholders	29,158
After tax effect of effective interest on the liability component of convertible notes	(1,732)
	27,426

Weighted average number of ordinary shares (diluted)

	2008
	'000
Weighted average number of ordinary shares at 31 March	3,326,185
Effect of conversion of convertible notes *(note 24)*	1,500,000
Weighted average number of ordinary shares (diluted) at 31 March	4,826,185

12. INVESTMENT PROPERTIES

The Group	**2008**	**2007**
	HK$'000	*HK$'000*
At valuation		
At beginning of the year	216,000	206,750
Disposal *(note 29)*	(18,000)	(9,000)
Surplus/(Deficit) arising from revaluation	(8,100)	18,250
At end of the year	189,900	216,000

The investment properties are situated in Hong Kong and are held under long-term leases. They were revalued at 31 March 2008 by CB Richard Ellis Limited, an independent firm of professional valuers, on the open market basis subject to existing tenancies with reference to net rent derived from the existing tenancies as at 31 March 2008. These valuations gave rise to a revaluation deficit of HK$8,100,000 which has been charged to the income statement. The investment properties are leased out for rental purposes under operating leases.

13. PROPERTIES, PLANT AND EQUIPMENT

The Group	Buildings	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost or Valuation				
At 1 April 2006	739	19,980	1,866	22,585
Additions	–	4,885	–	4,885
Surplus arising from revaluation	285	–	–	285
Less: Elimination of accumulated depreciation	(19)	–	–	(19)
At 31 March 2007	1,005	24,865	1,866	27,736
Comprising:				
At cost	–	24,865	1,866	26,731
At valuation – 2007	1,005	–	–	1,005
	1,005	24,865	1,866	27,736
Depreciation				
At 1 April 2006	–	15,775	1,866	17,641
Charge for the year	19	2,495	–	2,514
Eliminated upon revaluation	(19)	–	–	(19)
At 31 March 2007	–	18,270	1,866	20,136
Net Book Values				
At 31 March 2007	1,005	6,595	–	7,600
Cost or Valuation				
At 1 April 2007	1,005	24,865	1,866	27,736
Additions	–	119	–	119
Surplus arising from revaluation	27	–	–	27
Less: Elimination of accumulated depreciation	(27)	–	–	(27)
At 31 March 2008	1,005	24,984	1,866	27,855
Comprising:				
At cost	–	24,984	1,866	26,850
At valuation – 2008	1,005	–	–	1,005
	1,005	24,984	1,866	27,855
Depreciation				
At 1 April 2007	–	18,270	1,866	20,136
Charge for the year	27	1,875	–	1,902
Eliminated upon revaluation	(27)	–	–	(27)
At 31 March 2008	–	20,145	1,866	22,011
Net Book Values				
At 31 March 2008	1,005	4,839	–	5,844

The buildings were revalued as at 31 March 2008 by CB Richard Ellis Limited, an independent firm of professional valuers, on the open market basis subject to vacant possession with reference to comparable transactions as at 31 March 2008.

At 31 March 2008, had the buildings not been revalued and been carried at historical cost less accumulated depreciation and amortisation, their carrying value would have been approximately HK$1,040,000 (2007: HK$1,070,000).

The buildings are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Situated in Hong Kong held under long-term leases	55	55
Situated in Hong Kong held under medium-term leases	950	950
	1,005	1,005

14. INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Cost or Valuation		
Prepaid lease payment	28,032	28,032
Impairment loss recognised	(14,561)	(13,936)
Less: Elimination of amortisation	–	(625)
	13,471	13,471
Amortisation		
At beginning of the year	256	810
Amortisation for the year	40	71
Less: Eliminated upon recognition of impairment loss	–	(625)
At end of the year	296	256
Carrying value	13,175	13,215

The interests in leasehold land held for own use under operating leases are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Land situated in Hong Kong held under long-term leases	12,200	12,215
Land situated in Hong Kong held under medium-term leases	975	1,000
	13,175	13,215

15. INTERESTS IN SUBSIDIARIES

	The Company	
	2008	**2007**
	HK$'000	*HK$'000*
Unlisted shares	610,354	610,354
Amounts due from subsidiaries	744,800	522,151
	1,355,154	1,132,505
Impairment losses recognised	(1,052,299)	(1,015,239)
	302,855	117,266

The recorded value of the unlisted shares is based on the underlying net tangible assets of the subsidiaries at the time they became members of the Group pursuant to the Group reorganisation in 1997.

The aggregate impairment loss position recognised at 31 March 2008 has been determined by the directors with reference to the carrying amounts of the underlying properties held by subsidiaries.

Particulars of the subsidiaries as at 31 March 2008 are set out in note 38.

16. INTERESTS IN ASSOCIATES

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Investments, at cost	1	1
Share of results of associates	(10)	5
Share of net assets/(liabilities)	(9)	6
Amount due from an associate	1,975	2,807
Amount due to an associate	(1)	(1)
	1,965	2,812

Particulars of the associates as at 31 March 2008 are set out in note 39.

	Assets	**Liabilities**	**Equity**	**Revenues**	**Profit/(loss)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008					
100 per cent	1,979	2,000	(21)	6,168	(32)
Group's effective interest	970	980	(10)	3,022	(15)
2007					
100 per cent	2,836	2,825	11	7,513	(3)
Group's effective interest	1,390	1,384	6	3,681	(2)

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Unlisted	27,000	–
Listed shares in Hong Kong	62,239	2,765
Fair value adjustment	(27,431)	10,772
Fair value of individually impaired available-for-sale financial assets	61,808	13,537
Market value of listed shares	39,308	13,537

As at 31 March 2008, the Group's available-for-sale financial assets were individually determined to be impaired on the basis of declines in their fair values below cost and adverse changes in the market in which the investees operate which indicate that the cost of the Group's investments in such assets may not be recovered. Impairment losses on the investments are recognised in the income statement.

Particulars of the available-for-sale financial assets of the Group are as follows:

Name of companies	Place of incorporation	Type of securities	Proportion of nominal value of issued share capital held
2008			
Tomorrow International Holdings Limited	Bermuda	Ordinary shares	6%
Corning Investments Limited	BVI	Ordinary shares	7.5%
2007			
Inno-Tech Holdings Limited	Bermuda	Ordinary shares	7%

(a) Tomorrow International Holdings Limited was listed on the Stock Exchange on 8 August 1995 with Stock Code 760.

(b) Corning Investments Limited is a private limited liability company incorporated in BVI and is principally engaged in the business of provision of outdoor media advertising and broadcasting network. During the year ended 31 March 2008, the Group assessed whether there was any objective evidence that the fair value would be impaired. In view of the significant decrease in estimated future cash flows owing to changes in revenue base of this available-for-sale financial assets, the Group determined to make an impairment by approximately HK$4.5 million.

(c) Inno-Tech Holdings Limited ("Inno-Tech") was listed on the Growth Enterprise Market of the Stock Exchange on 12 August 2002. The amount stated in the available-for-sale financial assets as at 31 March 2007 represented the carrying value of the Group's investment in Inno-Tech. The Group disposed of all of its shares in Inno-Tech during the year ended 31 March 2008.

18. INTANGIBLE ASSETS

	The Group Rural land exploitation right
	HK$'000
Cost	
At 1 April 2007	–
Additions	58,000
Disposals	(58,000)
At 31 March 2008	–

(a) On 27 July 2007, the Company entered into an agreement to acquire the exploitation right to operate and harvest timber on land located in Guangdong Province, PRC, for a consideration of HK$58,000,000.

(b) On 6 March 2008, the Company entered into an agreement to dispose of its rural land exploitation right for a consideration of HK$58,800,000. The Company is of the opinion that there are uncertainties as to the prospects for the business associated with the right as a result of certain variable, unforeseeable and unpredictable factors have occurred such as significant snow storm in Mainland China.

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
		2008	**2007**	**2008**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	*(a) & (b)*	242	204	–	–
Deposits and prepayments		1,094	454	–	–
Other receivables	*(c)*	52,920	–	52,920	–
Amounts due from related companies	*(d)*	442	485	–	–
Loans and receivables		54,698	1,143	52,920	–

(a) The Group maintains defined credit policies. For the sale of goods, the Group allows an average credit period of 30 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The aging analysis of trade receivables is as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Current	168	98
One to three months overdue	43	104
Over three months overdue	31	2
	242	204

All of the trade receivables are expected to be recovered within one year.

(b) Trade receivables that are not impaired

	The Group 2008 HK$'000	2007 HK$'000
Neither past due nor impaired	26	37
Less than one month overdue	135	38
One to three months overdue	33	33
Over three months overdue	48	96
	242	204

Receivables neither past due nor impaired relate to a wide range of customers for whom there has been no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowances are necessary in respect of these balances as there have been no significant changes in credit quality and the balances are still considered fully recoverable despite the Group not holding any collateral over the balances.

(c) Other receivables represents the sale price in respect of the disposal of the rural land exploitation right as referred to note 18.

(d) Particulars of the amounts due from related companies, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	Balance at 31 March 2008 HK$'000	Balance at 31 March 2007 HK$'000	Maximum amount outstanding during the year HK$'000
Plotio Investment (HK) Limited	146	137	146
Plotio Property Consultants Limited	–	52	52
Plotio Property and Management Company Limited	296	296	296
	442	485	

The amounts due are unsecured, interest-free and repayable on demand.

20. PAYABLES AND ACCRUED CHARGES

		The Group		The Company	
		2008	2007	2008	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	*(a)*	4,819	4,770	–	–
Accrued charges		9,174	12,005	4,007	4,062
Amounts due to related companies	*(b)*	1,787	1,834	–	–
Amounts due to former shareholders	*(b)*	4,295	4,295	–	–
Financial liabilities measured at amortised cost		20,075	22,904	4,007	4,062

(a) The aging analysis of trade payables is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within one month	4	108
Over one month but less than three months	–	113
Over three months	4,815	4,549
	4,819	4,770

(b) The amounts due are unsecured, interest-free and have no fixed terms of repayment. The amounts are due to former shareholders of the Group and related companies in which Mr Lai Yiu Keung has beneficial interests.

21. DEPOSITS RECEIVED

(a) On 18 December 2007, the Group entered into an agreement to sell the entire issued share capital of one of its wholly-owned subsidiaries for a consideration of HK$55,500,000. Included in deposits received is an amount of HK$20,000,000, representing the initial deposit placed by the purchaser according to the sale and purchase agreement. The disposal transaction was completed on 30 April 2008.

(b) On 22 and 24 December 2007, the Group entered into agreements to sell the entire share capital of three of its wholly-owned subsidiaries for a consideration of HK$10,000,000 and HK$4,200,000 respectively. Included in deposits received is an amount of HK$1,420,000, representing the initial deposits placed by the purchasers according to the sale and purchase agreements. The disposal transactions are to be completed in the next financial year.

22. BANK AND OTHER BORROWINGS

	The Group		The Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings comprise:				
Bank loans	71,966	80,338	–	–
Bank overdrafts	11,866	11,957	–	–
Other borrowings	36,000	556	36,000	–
	119,832	92,851	36,000	–
The borrowings are repayable as follows:				
Within one year or on demand	60,802	20,596	36,000	–
More than one year, but not exceeding two years	13,588	12,621	–	–
More than two years, but not exceeding five years	45,032	52,621	–	–
More than five years	410	7,013	–	–
	119,832	92,851	36,000	–
Less: Amount due within one year or on demand included in current liabilities	(60,802)	(20,596)	(36,000)	–
Amount due after one year	59,030	72,255	–	–

(a) All borrowings are fully secured. Details of the assets pledged are set out in note 23.

(b) The other borrowings as at 31 March 2008 were secured by the second legal charges over certain of the Group's investment properties amounted to HK$187,000,000. It is interest-bearing with interest being charged at 8% per annum, and was fully repaid on May 2008.

23. PLEDGE OF ASSETS

The Group

(a) At 31 March 2008, the Group's bank borrowings were secured by the following:

(i) first legal charges over the investment properties of HK$189,900,000 (2007: HK$198,000,000);

(ii) the interest in share capital of a subsidiary;

(iii) assignment of rental income generated from certain investment properties;

(iv) floating charges on all the existing and future asset undertakings of a subsidiary;

(v) assignments of the rights, titles, interests and benefits in and under all the existing and future building contracts in respect of certain of its interests in leasehold land held for own use under operating leases;

(vi) the benefits under all insurance policies of certain of its interests in leasehold land held for own use under operating leases;

(vii) assignment of sale proceeds from sales of investment properties; and

(viii) subordination of shareholders' loans of a subsidiary.

(b) At 31 March 2007, the Group had pledged certain of its interests in leasehold land held for own use under operating leases amounting to approximately HK$12,000,000 to banks to secure general banking facilities and credit facilities granted to certain former subsidiaries in which Mr Lai Yiu Keung has beneficial interests. The total amount of facilities utilised by these former subsidiaries amounted to approximately HK$5,029,000. The pledge was released during the year ended 31 March 2008 of when the banking borrowings were repaid by the Company's former subsidiaries.

24. CONVERTIBLE NOTES

HK$150,000,000 secured convertible notes were issued by the Company on 4 February 2008. Each note entitles the holder to convert one ordinary share at a conversion price of HK$0.10. Conversion may occur at any time between 4 February 2008 to 3 February 2011. The Company can redeem the notes at a value equal to 105% of the principal amount. Interest of 5% per annum will be paid annually in arrear.

The convertible notes contains two components identified as the liability and equity elements. The equity component is reported in the equity section under the heading "Capital Reserve". The effective interest rate for the liability component is 5.291%.

An analysis of the movements in the liability component of the convertible notes during the year ended 31 March 2008 are as set out below:

	The Group and the Company
	HK$'000
Proceeds of issue	150,000
Equity component	(9,877)
	140,123
Transaction cost	(3,451)
Interest expense	1,002
At end of the year	137,674

25. SHARE CAPITAL

	Number of shares		**Amount**	
	2008	**2007**	**2008**	**2007**
			HK$'000	*HK$'000*
Shares of HK$0.10 each				
Authorised:				
At beginning of the year	6,000,000,000	6,000,000,000	600,000	600,000
Increase during the year *(note (i))*	14,000,000,000	–	1,400,000	–
At end of the year	20,000,000,000	6,000,000,000	2,000,000	600,000
Issued and fully paid:				
At beginning of the year	2,980,639,015	2,980,639,015	298,064	298,064
New share placement *(note (ii))*	320,000,000	–	32,000	–
Issue of shares				
– *(note (iii))*	270,000,000	–	27,000	–
– *(note (iv))*	590,000,000	–	59,000	–
At end of the year	4,160,639,015	2,980,639,015	416,064	298,064

Notes:

(i) Pursuant to a resolution passed at a special general meeting of the Company held on 16 November 2007, the authorised ordinary share capital of the Company was increased from HK$600,000,000 to HK$2,000,000,000 by the creation of an additional 14,000,000,000 ordinary shares of HK$0.10 each.

(ii) On 3 August 2007, the share capital of the Company was increased to HK$330,064,000 following the placement of 320,000,000 new shares at a price of HK$0.126 each.

(iii) On 18 September 2007, the Company increased its share capital to HK$357,064,000 by issuing 270,000,000 new shares at HK$0.10 each as consideration shares to acquire 7.5% equity interest in Corning Investments Limited.

(iv) On 30 March 2008, the Company increased its share capital to HK$416,064,000 by issuing 590,000,000 new shares at HK$0.10 each as consideration shares to acquire 5.8% equity interest in Tomorrow International Holdings Limited.

26. SHARE OPTIONS

The Company's original share option scheme was adopted on 15 September 1997 for the primary purpose of providing incentives to employees of the Group. Pursuant to a resolution passed at a special general meeting of the shareholders held on 15 July 2002, the Company terminated the old scheme and adopted a new share option scheme.

There were no outstanding options granted under the old or the new schemes at the beginning and end of the year. In addition, there were no options granted to, or exercised by, any eligible employees during the year.

27. SHARE PREMIUM AND RESERVES

	Share Premium	Surplus account	Capital reserve	Fair value reserve	Deficit	Total	Minority interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The Group								
At 1 April 2006	491,426	255,025	–	(115)	(933,559)	(187,223)	939	(186,284)
Changes in fair value of available-for-sale financial assets	–	–	–	10,887	–	10,887	–	10,887
Profit/(loss) for the year	–	–	–	–	(8,509)	(8,509)	1,344	(7,165)
At 31 March 2007	491,426	255,025	–	10,772	(942,068)	(184,845)	2,283	(182,562)
At 1 April 2007	491,426	255,025	–	10,772	(942,068)	(184,845)	2,283	(182,562)
Issue of convertible notes	–	–	9,877	–	–	9,877	–	9,877
Placement of new shares	7,515	–	–	–	–	7,515	–	7,515
Transfer to income statement upon disposal of available-for-sale financial assets	–	–	–	(10,772)	–	(10,772)	–	(10,772)
Profit/(loss) for the year	–	–	–	–	(29,158)	(29,158)	874	(28,284)
At 31 March 2008	498,941	255,025	9,877	–	(971,226)	(207,383)	3,157	(204,226)

	Share premium *HK$'000*	Capital Reserve *HK$'000*	Contributed surplus *HK$'000*	Deficit *HK$'000*	Total *HK$'000*
The Company					
At 1 April 2006	491,426	–	555,303	(1,233,952)	(187,223)
Profit for the year	–	–	–	2,378	2,378
At 31 March 2007	491,426	–	555,303	(1,231,574)	(184,845)
At 1 April 2007	491,426	–	555,303	(1,231,574)	(184,845)
Issue of convertible notes	–	9,877	–	–	9,877
Placement of new shares	7,515	–	–	–	7,515
Loss for the year	–	–	–	(39,930)	(39,930)
At 31 March 2008	498,941	9,877	555,303	(1,271,504)	(207,383)

(i) The surplus account represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve accounts of Plotio Limited, the subsidiary which was acquired by the Company pursuant to the Group reorganisation in 1997.

(ii) The contributed surplus of the Company represents the difference between the consolidated shareholders funds of Plotio Limited at the date on which the Group reorganisation became effective and the nominal amount of the share capital of the Company issued under the Group reorganisation in 1997.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) The capital reserve reflects the value of the unexercised equity component of the convertible notes issued by the Company recognised in accordance with the accounting policy adopted for such debt as set out in note 3(i).

(iv) The fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets held at the balance sheet date and is dealt with in accordance with the accounting policies detailed in note 3(p).

In the opinion of the directors, as at 31 March 2007 and 31 March 2008, the Company did not have any reserves available for distribution to shareholders.

28. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities provided in the balance sheet and the movements during the year are as follows:

	Accelerated tax depreciation	Tax losses	PRC land appreciation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	2,753	(1,349)	3,000	4,404
Deferred tax credited to income statement *(note 9(a))*	393	(612)	–	(219)
At 31 March 2007	3,146	(1,961)	3,000	4,185
At 1 April 2007	3,146	(1,961)	3,000	4,185
Deferred tax credited to income statement *(note 9(a))*	210	(636)	–	(426)
At 31 March 2008	3,356	(2,597)	3,000	3,759

29. DISPOSAL OF A SUBSIDIARY

	2008	2007
	HK$'000	*HK$'000*
Net assets disposed of:		
Investment properties	18,000	9,000
Debtors and prepayments	4	–
Bank and cash balances	40	3
Payables and accrued charges	–	(23)
Net assets disposed of	18,044	8,980
Loss on disposal	(44)	(480)
	18,000	8,500
Consideration satisfied by:		
Cash consideration	18,000	8,500
Net cash inflow arising on disposal:		
Sales proceeds from disposal	18,000	8,500
Bank and cash balances disposed of	(40)	(3)
	17,960	8,497

The subsidiary disposed of during 2008 contributed a profit of HK$50,300 (2007: loss of HK$10,930) to the Group's operating results for the year.

30. RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group joined a mandatory provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of independent trustees.

Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions specified therein.

The retirement benefit scheme contributions charged to the consolidated income statement represent contributions payable by the Group at rates specified in the rules of the MPF Scheme. During the year, the retirement benefit scheme contributions, net of forfeited contributions utilised, if any, amounted to approximately HK$830,000 (2007: HK$1,091,000).

At the balance sheet date, the Group had no significant forfeited contributions available to reduce contributions payable by the Group in future years.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

Operating lease payments represent rentals payable by the Group for office premises of subsidiaries. Leases are negotiated for average terms of two years and rentals are fixed for such two year terms.

At 31 March 2008, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases amounting to HK$232,000 (2007: HK$840,000) in respect of rented premises which fall due within one year.

Property rental income earned during the year was approximately HK$4,934,000 (2007: HK$5,556,000). Certain properties held have committed tenants for the next two years. At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within one year	3,527	1,432
After one year but within five years	1,041	242
	4,568	1,674

32. CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 31 March 2008, the Company had outstanding unlimited guarantees and a corporate guarantee given in favour of banks amounting to approximately HK$120,000,000 (2007: HK$120,000,000) to secure general banking facilities granted to subsidiaries. The total amount of facilities utilised by the subsidiaries as at 31 March 2008 amounted to approximately HK$83,832,000 (2007: HK$92,295,000).

(b) Contingent liability in respect of legal claim

On 17 May 2008, a writ was filed by Mr Yung Yu Ping, the seller of the rural land exploitation right to the Company, in respect of a claim for non-payment of consideration payment. The total consideration for the rural land exploitation right is HK$58,000,000. The Company filed a defence on 10 July 2008. These financial statements did not make any provision in respect of this claim owing to the uncertainties and unforeseeable outcome of the case.

33. RELATED PARTY TRANSACTIONS

(a) The Group entered into the following transactions with related parties during the year and has the following balances with related parties as at 31 March 2008:

(I) Transactions

		Service income received		Rental paid		Service fees paid		Architectural, structural, material and electrical service fees paid		Insurance premiums paid	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Plotio Property and Management Company Limited	*(i)*	11	113	–	–	(2,253)	(2,253)	–	–	–	–
Plotio Investment (HK) Limited	*(i)*	57	54	(984)	(984)	–	–	–	–	–	–
Plotio Property Consultants Limited	*(i)*	8	113	–	–	(433)	(467)	–	–	–	–
Lee Wai Engineering Company Limited	*(i)*	8	–	–	–	–	–	(142)	(192)	–	–
Keung Kee Cleaning Services Company Limited	*(i)*	–	3	–	–	(26)	(27)	–	–	–	–
Monchase Underwriters Limited	*(i)*	–	–	–	–	–	–	–	–	(48)	(49)
Plotio Development Consultants Limited	*(i)*	1	–	–	–	–	–	–	–	–	–

(II) Balances

		Amounts due from related parties	
	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Plotio Property and Management Company Limited	*(i) & (ii)*	296	296
Plotio Investment (HK) Limited	*(i) & (ii)*	146	137
Plotio Property Consultants Limited	*(i) & (ii)*	–	52

		Amounts due to related parties	
	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Keung Kee Cleaning Services Company Limited	*(i) & (iii)*	4	2
Lee Wai Engineering Company Limited	*(i) & (iii)*	102	102
Monchase Underwriters Limited	*(i) & (iii)*	–	14
Plotio Development Consultants Limited	*(i) & (iii)*	40	40
Plotio Investment (HK) Limited	*(i) & (iii)*	246	82
Plotio Property Consultants Limited	*(i) & (iii)*	210	237
Plotio Property & Management Company Limited	*(i) & (iii)*	1,185	1,357

		Amounts due to a director			
		The Group		The Company	
		2008 *HK$'000*	**2007** *HK$'000*	**2008** *HK$'000*	**2007** *HK$'000*
Mr Lai Yiu Keung	*(iii)*	11,805	17,244	600	–

Notes:

(i) Plotio Property and Management Company Limited, Plotio Investments (HK) Limited, Plotio Property Consultants Limited, Lee Wai Engineering Company Limited, Keung Kee Cleaning Services Company Limited, Monchase Underwriters Limited and Plotio Development Consultants Limited are former subsidiaries of the Group in which Mr Lai Yiu Keung ("Mr Lai") has beneficial interests. The amount of service fees paid to Plotio Property and Management Company Limited for the year ended 31 March 2008 represented gross building management fees of which approximately HK$228,000 (2007: HK$228,000) was paid in respect of building manager remuneration.

The above transactions were carried out at prevailing market prices or, where no market prices were available, at terms agreed by the parties involved.

(ii) The amount due from a related party is unsecured, interest-free and repayable on demand. The amount due is included in the balance of "Receivables, deposits and prepayments" in the consolidated balance sheet.

(iii) The amount due is unsecured, interest-free and has no fixed terms of repayment.

(b) At 31 March 2008, the Group had specific assets pledged, in favour of certain banks to secure general banking facilities granted to certain former subsidiaries which were disposed of to Mr Lai in previous years. Details of the assets pledged are set out in note 23.

(c) At 31 March 2008, Mr Lai had an outstanding personal guarantee given in favour of a bank to secure general banking facilities granted to the Group amounting to approximately HK$56,000,000. The facilities utilised at 31 March 2008 amounted to approximately HK$42,000,000.

34. POST BALANCE SHEET EVENTS

(a) The disposal of entire issued share capital of a subsidiary in consideration of HK$55,500,000 was completed on April 2008.

(b) The Company put forward a capital reorganization proposal involving the following changes to the capital structure of the Company:

(i) Capital Reduction: that the issued shares be reduced by cancelling the Company's paid-up capital thereof to the extent of HK$0.099 for each issued share so that the nominal value of each share will be reduced from HK$0.1 each to HK$0.001 each;

(ii) Subdivision: upon the Capital Reduction becoming effective, the Company will effect the Subdivision pursuant to which each authorised but unissued share will be subdivided into 100 shares of HK$0.001 each; and

(iii) Share Premium Cancellation: that the amount of HK$411,903,262.48 standing to the credit of the share premium account of the Company as at 31 March 2007 be cancelled.

The amounts arising from the Capital Reduction and Share Premium Cancellation be applied to the contributed surplus account of the Company where it will be utilised by the Board in accordance with the bye-laws of the Company and all applicable laws, including to eliminate the deficit of the Company of HK$1,231,574,000 as at 31 March 2007 entirely.

The capital reorganisation was approved by shareholders of the Company on 2 June 2008 and became effective on 2 July 2008.

(c) On 22 July 2008, the Company announced that it proposed to consolidate five shares into one consolidated share. Upon the share consolidation becomes effective, the Company proposed to raise funds with net proceeds of approximately of HK$40 million by way of an open offer on the basis of one offer share for every two consolidated shares at a price of HK$0.1 each per offer share. An underwriting agreement was signed between the Company and the underwriters (Regal Power Investments Limited and Head & Shoulders Securities Limited). The underwriters have conditionally agreed to underwrite, on a fully underwritten basis, all the offer shares not being taken up. Moreover, the Company also proposed to acquire the entire issued share capital and shareholder loan of Million Good Group Limited, which holds a property at House 26, Las Pinadas, 33 Shouson Hill Road, Hong Kong in consideration of HK$37,000,000, which will be settled by the Company in cash. The acquisition constitutes a major transaction and subject to shareholders approval. A circular in relation to the share consolidation and the major transaction will be sent to shareholders as soon as possible.

35. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to operate as going concerns, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-equity ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables and obligations under finance leases) less cash and cash equivalents.

During 2008, the Group's strategy targeted to reduce the net Group's debt-to-equity ratio to below 75%. The Group has issued new shares and raised new debt financing by issuing convertible notes during the year.

The net debt-to-equity ratio at 31 March 2008 and 2007 was as follows:

	The Group		**The Company**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities				
Payable and accruals charges	20,075	22,904	4,007	4,062
Deposits received	22,902	1,115	21,420	–
Amount due to a director	11,805	17,244	600	–
Bank and other borrowings				
– due within one year	60,802	20,596	36,000	–
Taxes payables	1,422	1,148	–	–
	117,006	63,007	62,027	4,062
Non-current liabilities				
Bank and other borrowings				
– due after one year	59,030	72,255	–	–
Deferred tax liabilities	3,759	4,185	–	–
Convertible notes	137,674	–	137,674	–
Total debt	317,469	139,447	199,701	4,062
Less: Cash and cash equivalents	(201,917)	(642)	(52,607)	–
Net debt	115,552	138,805	147,094	4,062
Total equity	211,838	115,502	208,681	113,219
Net debt-to-equity ratio	54.5%	120.2%	70.5%	3.6%

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

36. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 90 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has an element of concentration of credit risk as 5% of the total trade and other receivables was due from the Group's five largest customers.

The maximum exposure to credit risk, without taking into account any collateral helds is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group is required to pay:

	2008						2007					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group												
Payable and accruals charges	20,075	20,075	20,075	–	–	–	22,904	22,904	22,904	–	–	–
Deposits received	22,902	22,902	22,902	–	–	–	1,115	1,115	1,115	–	–	–
Amount due to a director	11,805	11,805	11,805	–	–	–	17,244	17,244	17,244	–	–	–
Bank and other borrowings												
– due within one year	119,832	119,832	60,802	13,588	45,032	410	92,851	92,851	20,596	12,621	52,621	7,013
Taxes payables	1,422	1,422	1,422	–	–	–	1,148	1,148	1,148	–	–	–
Deferred tax liabilities	3,759	3,759	–	3,759	–	–	4,185	4,185	–	4,185	–	–
Convertible notes	137,674	137,674	–	–	137,674	–	–	–	–	–	–	–
	317,469	317,469	117,006	17,347	182,706	410	139,447	139,447	63,007	16,806	52,621	7,013
Company												
Payable and accruals charges	4,007	4,007	4,007	–	–	–	4,062	4,062	4,062	–	–	–
Deposits received	21,420	21,420	21,420	–	–	–	–	–	–	–	–	–
Amount due to a director	600	600	600	–	–	–	–	–	–	–	–	–
Bank and other borrowings												
– due within one year	36,000	36,000	36,000	–	–	–	–	–	–	–	–	–
Convertible notes	137,674	137,674	–	–	137,674	–	–	–	–	–	–	–
	199,701	199,701	62,027	–	137,674	–	4,062	4,062	4,062	–	–	–

(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group adopts a policy of ensuring that over 50% of its net borrowings are effectively on a fixed rate basis, either through the contractual terms of the interest-bearing financial assets and liabilities or through the use of interest rate swaps. For this purpose the Group defines "net borrowings" as being interest-bearing financial liabilities less interest-bearing investments (excluding cash held for short-term working capital purposes). The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

	The Group				The Company			
	2008		2007		2008		2007	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*
Net fixed rate borrowings								
Other borrowings	6.060%	36,000	10.1%	556	8.000%	36,000	n/a	n/a
Convertible notes	5.291%	137,674	n/a	n/a	5.291%	137,674	n/a	n/a
Variable rate borrowings								
Bank borrowing	6.51%	83,832	7.32%	92,295	n/a	n/a	n/a	n/a
Total net borrowings		257,506		92,851		173,674		–
Net fixed rate borrowings as a percentage of total net borrowings		67%		1%		100%		n/a

(ii) Sensitivity analysis

At 31 March 2008, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's loss after tax and deficit by approximately $839,000 (2007: $923,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(d) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2008 and 2007.

(e) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments set out in note 36(d) above.

(i) Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs. Fair values for the unquoted equity investments are estimated using the applicable price/earning ratios for similar listed companies adjusted for the specific circumstances of the issuer.

(ii) Interest-bearing loans and borrowings and finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

37. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Key areas of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 3, management made the following estimations that have the most significant effect on amounts recognised in the financial statements.

(a) Estimate of fair value of investment properties

Investment properties are carried in the consolidated balance sheet at 31 March 2008 at their fair value of approximately HK$189,900,000. The fair values of investment properties have been determined with reference to independent valuations. The best evidence of fair value is the current price in an active market for similar lease and other contracts. The Group employed an independent firm of professional valuers to determine the open market values for the investment properties of the Group. These valuations require the use of judgment and estimates whereby the use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts which would, in turn, affect the financial results of the Group.

(b) Interests in leasehold land held for own use under operating leases

The interests in leasehold land held for own use under operating leases in the consolidated balance sheet at 31 March 2008 of approximately HK$13,175,000 are stated at cost less accumulated amortisation and any identified impairment losses. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount has been determined based on the higher of their fair value less costs and their value in use. These calculations and valuations require the use of judgments and estimations. Should the future economic benefits expected to be obtained from the further operation of properties for development is less than the carrying cost, an impairment loss is recognised in the income statement.

(c) Recognition of deferred tax assets

At 31 March 2008, no deferred tax asset position in relation to tax losses has been recognised in the Group's consolidated balance sheet. Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amounts of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and, therefore, requires significant levels of judgment to be exercised by the directors. Any change in such assumptions and judgments would affect the carrying amounts of deferred tax assets to be recognised and, hence, the net profit in future years.

38. SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2008 are as follows:

Wholly-owned subsidiaries

Name of subsidiary	Issued and paid up share capital Ordinary shares	Deferred shares *	Principal activities
Wholly-owned subsidiaries incorporated and operating in Hong Kong:			
Campoent Development Limited	HK$10,000	–	Property investment
Cheerwise Development Limited	HK$2	–	Inactive
City Friend Development Limited	HK$2	–	Property investment
Jet Nice Investments Limited	HK$10,000	–	Property holding
Joyful Interest Limited	HK$10,000	–	Property investment
m499.com Limited	HK$2	–	Trading of communication products
Ocean Tower Development Limited	HK$10,000	–	Inactive
Oriental Gain Properties Limited	HK$100	HK$5,300	Property investment
Plotio Holdings (HK) Limited	HK$10,000	–	Provision of treasury services
Turbo Speed Investment Limited	HK$10,000	–	Inactive
Win's Properties Limited	HK$100,000	–	Inactive
Cyberware Communications Limited	HK$15,035,713	–	Inactive
Prime Concept Development Limited	HK$1	–	Investment holding
Glory Wood Enterprises Limited	HK$1	–	Investment holding

* *The deferred shares carry no rights to dividends, from a practical viewpoint, or to receive notices of or to attend or vote at any general meetings of the perspective companies or to participate in any distributions on winding up.*

Wholly-owned subsidiaries incorporated in the British Virgin Islands and operating in Hong Kong:

Name of subsidiary	Issued and paid up ordinary share capital	Principal activities
Election International Limited	US$1	Investment holding
Immediate Effect Limited	US$1	Investment holding
MobiData Incorporated	US$1	Investment holding
Plotio Limited	US$1,000,000	Investment holding
Rexy Investment Limited	US$1	Investment holding
Uni-tech Properties Limited	US$1	Investment holding
Capital Scope Limited	US$1	Inactive
Goldson Holdings Limited	US$1	Investment holding
Sharp Deal Limited	US$1	Inactive
World Regal Limited	US$1	Investment holding

Non-wholly owned subsidiaries

Name of subsidiary	Place of incorporation	Issued and paid up ordinary share capital	Proportion of nominal value of issued capital held by the Company	Principal activities
Mobidog Inc.	Cayman Islands	US$1,010,000	57%	Investment holding
Global Edge Technology Limited	British Virgin Islands	US$833,334	60%	SMS provider
Redstone Resources Limited	British Virgin Islands	US$2	60%	Investment holding

Other than Plotio Limited, Capital Scope Limited, Prime Concept Development Limited, Goldson Holdings Limited, Sharp Deal Limited and World Regal Limited, which are held directly by the Company, all subsidiaries are held by the Company indirectly.

None of the subsidiaries had any debt securities subsisting at 31 March 2008 or at any time during the year.

39. ASSOCIATES

Particulars of the associates as at 31 March 2008 are as follows:

Name of company	Place of incorporation	Proportion of nominal value of issued capital held by the Group	Principal activity
HyComm Technology Incorporated	British Virgin Islands	26%	Investment holding
Megacom Holdings Limited	Hong Kong	20%	Investment holding
Tekson International Telecom Limited	Hong Kong	37%	Investment holding
GIN International Limited	Hong Kong	49%	SMS provider

3. WORKING CAPITAL SUFFICIENCY

The Directors are satisfied after due and careful enquiry that, after taking into account the existing cash and bank balances, the Enlarged Group has sufficiency working capital for its present requirements after the Acquisition and the Disposal, that is for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. INDEBTEDNESS

Borrowings

As at the close of business on 30 June 2008, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following outstanding borrowings:

(a) secured bank overdrafts of approximately HK$17,000,000;

(b) secured bank loans of approximately HK$55,000,000; and

(c) secured convertible notes of HK$150,000,000.

The convertible notes were issued by the Company on 4 February 2008. The convertible notes carry interest at a rate of 5% per annum which is payable annually in arrears. The maturity date of the convertible notes is 3 years later.

Securities and guarantees

As at the close of business on 30 June 2008, the details of the securities and guarantees relating to the Enlarged Group's borrowings were set out as follows:

Bank overdrafts and bank loans were secured by the followings:

(i) first legal charges over the investment properties of subsidiaries of approximately HK$153,000,000 effective on 5 January 2007 and 23 January 2007;

(ii) the assignment of rental income generated from the investment properties of a subsidiary effective on 23 January 2007;

(iii) the assignment of insurance policies of the investment properties of a subsidiary effective on 23 January 2007; and

(iv) subordination of shareholders' loans of a subsidiary effective on 23 January 2007.

Convertible notes were secured by charges over shares of a subsidiary and designated account holding the subscription monies from the convertible notes by a subsidiary effective from 4 February 2008.

Contingent liabilities

At 30 June 2008, the Enlarged Group had outstanding unlimited guarantees and a corporate guarantee given in favour of bank amounting to approximately HK$120,000,000 to secure general banking facilities granted to its subsidiaries. The total amount of facilities utilized by the subsidiary as at 30 June 2008 amounted to approximately HK$40,000,000.

A writ was filed by Mr. Yung Yu Ping, the seller of the rural land exploitation right to the Enlarged Group, in respect of a claim for non-payment of consideration payment on 17 May 2008. The total consideration for the rural land exploitation right is HK$58,000,000. The Enlarged Group filed a defence on 10 July 2008.

Capital commitments and other commitments

At the close of business on 30 June 2008, commitments of the Enlarged Group in respect of operating leases amounted to approximately HK$161,000, all of which were contracted for but not provided for. The Directors plan to finance the above commitments by internally generated funds of the Enlarged Group.

The Enlarged Group had no material capital commitments as at 30 June 2008.

Disclaimer

Save as disclosed above and apart from intra-group liabilities, as at the close of business on 30 June 2008, the Enlarged Group had no debt securities, borrowings, mortgages, charges, debentures or other loan capital or bank overdrafts or other similar indebtedness, liabilities under acceptances or acceptances credits or hire purchase commitments or any guarantees or other material commitment or any material contingent liabilities.

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呂禮恒會計師事務所有限公司
Kennic L. H. Lui & Co. Ltd.
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4 September 2008

The Board of Directors
HyComm Wireless Limited

Dear Sirs,

We set out below our report on the financial information relating to Million Good Group Limited ("Million Good") including the income statement, statement of changes in equity and cash flow statement for the period from 8 September 2006 (Date of Incorporation) to 31 March 2007 and 1 April 2007 to 31 March 2008 (the "relevant period") and the balance sheet as at 31 March 2007 and 2008 (collectively, the "Financial Information") for inclusion in the shareholders' circular of HyComm Wireless Limited (the "Company") dated 4 September 2008 (the "Circular").

Million Good was incorporated on 8 September 2006 as a limited liability company in the British Virgin Islands, and it was principally engaged in property investment. Pursuant to the conditional sale and purchase agreement dated 16 July 2008 entered into between Capital Up Holdings Limited ("Capital Up"), a direct wholly-owned subsidiary of the Company as at the date of this report, and Ms. Cheung Fung Kuen, Maggie and Mr. Choi Chiu Fai, Stanley (collectively, the "Vendors"), the legal and beneficial owners of the entire issued share capital of Million Good, Capital Up will acquire from the Vendors their 100% equity interest in Million Good and the Million Good Loan at completion (the "Acquisition Agreement").

Mr. Choi Chiu Fai, Stanley is a holder of the Convertible Notes in the principal amount of HK$8,000,000 which entitles him to convert into 16,000,000 Shares, representing approximately 1.9% of the entire issued share capital of the Company as at the Latest Practicable Date.

The statutory financial statements of Million Good for the relevant period have been prepared in accordance with accounting principles generally accepted in Hong Kong and were audited by Tam, Hui, Tse & Ho, Certified Public Accountants registered in Hong Kong in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The financial statements for the relevant period are collectively referred to as the Underlying Financial Statements.

We have examined the Underlying Financial Statements for the relevant period and carried out such additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information of Million Good has been prepared from the Underlying Financial Statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). No adjustments were considered necessary to restate the Underlying Financial Statements.

The directors of Million Good are responsible for the preparation of the Underlying Financial Statements. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of Million Good as at 31 March 2007 and 2008 and of the results and cash flows of Million Good for the relevant period.

A. FINANCIAL INFORMATION

1. Income Statement

	Note	Period from 1 April 2007 to 31 March 2008	Period from 8 September 2006 (date of incorporation) to 31 March 2007
	Note	*HK$'000*	*HK$'000*
Turnover		–	–
Other operation income	*5*	2	–
		2	–
Operating costs		(46)	(46)
Surplus arising from revaluation of investment properties		17,000	7,511
Profit from operating activities	*6*	16,956	7,465
Finance costs	*7*	(1,472)	(213)
Profit before taxation		15,484	7,252
Taxation	*9*	–	–
Profit for the year/period		15,484	7,252
Attributable to:			
Equity shareholders of Million Good		15,484	7,252

2. Balance Sheet

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties	*10*	65,000	48,000
Current assets			
Deposits and prepayment		33	33
Bank balance	*11*	83	181
		116	214
Current liabilities			
Accrued charges		26	12
Bank borrowings			
– due within one year	*12*	16,067	589
		16,093	601
Net current liabilities		(15,977)	(387)
Total assets less current liabilities		49,023	47,613
Non-current liabilities			
Bank borrowings – due after one year	*12*	25,807	26,610
Other loans	*13*	479	13,750
		26,286	40,360
Net assets		22,737	7,253
Capital and reserves			
Share capital	*14*	1	1
Reserve		22,736	7,252
Total equity		22,737	7,253

3. Statement of Changes in Equity

	2008 *HK$'000*	2007 *HK$'000*
Total equity at beginning of the year/period	7,253	–
Profit for the year/period	15,484	7,252
Total recognized income and expense for the year/period	15,484	7,252
Attributable to:		
Equity shareholders of Million Good	15,484	7,252
Movements in equity arising from capital transaction:		
Share issued	–	1
Total equity at end of the year/period	22,737	7,253

4. Cash Flow Statement

	Note	Period from 1 April 2007 to 31 March 2008	Period from 8 September 2006 (date of incorporation) to 31 March 2007
		HK$'000	*HK$'000*
Cash flows from operating activities			
Profit before taxation		15,484	7,252
Adjustments for:			
Surplus arising from revaluation of investment properties		(17,000)	(7,511)
Interest income		(2)	–
Interest expenses		1,472	213
Operating loss before working capital changes		(46)	(46)
Increase in deposits and prepayment		–	(33)
Increase in accrued charges		14	12
Cash used in operations		(32)	(67)
Interest paid		(1,472)	(213)
Net cash used in operating activities		(1,504)	(280)
Cash flows from investing activities			
Interest received		2	–
Purchase of properties, plant and equipment		–	(40,489)
Net cash from/(used in) investing activities		2	(40,489)
Cash flows from financing activities			
Issue of share capital		–	1
Proceeds from bank borrowings		–	27,300
Repayments of bank borrowings		(589)	(101)
Loans from/(repayments to) directors		(13,271)	13,750
Net cash from/(used in) financing activities		(13,860)	40,950
Net increase/(decrease) in cash and cash equivalents		(15,362)	181
Cash and cash equivalents at beginning of the year/period		181	–
Cash and cash equivalents at end of the year/period		(15,181)	181
Analysis of cash and cash equivalents	*11*		
Bank balance		83	181
Bank overdrafts		(15,264)	–
		(15,181)	181

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Million Good was involved in the principal activity of property investment.

Million Good is a limited liability company incorporated in British Virgin Islands. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Tower, Tortola, British Virgin Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the relevant period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Million Good have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs). The financial statements have been prepared under the historical cost convention except for investment properties which are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Million Good's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Standards, amendment and interpretations

Million Good has adopted all relevant standards, amendment and interpretations effective for the financial period. The directors are of the opinion that the adoption does not have any impact on Million Good's financial statements.

Million Good has not adopted any relevant standards, amendment and interpretations issued subsequent to but not being effective at the relevant period ended 31 March 2008 of which the directors are of the opinion that there will be no material impact on the financial statements for the relevant period of initial application.

2.2 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at relevant period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale investments reserve in equity.

2.3 Investment properties

Property that is held for long-term yields is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, included related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Million Good uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuation are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is charged to the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to Million Good and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Million Good has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.6 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where Million Good operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Million Good's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Board has policies (not written) to focus on the unpredictability of financial markets and seek to minimise potential adverse effects on Million Good's financial performance as follows:–

(a) Market risk

(i) Foreign exchange risk

Million Good's business transactions are mainly denominated in Hong Kong dollar and hence its exposure to foreign exchange risk is insignificant.

(ii) Price risk

Million Good is exposed to property price risk because Million Good has adopted "Fair value model" as specified in the HKAS 40 to account for its investment properties. Million Good has had no particular measure to manage the price risk. Had the price index of the property market increased/decreased by 5%, profit for the period ended 31 March 2007 and the year ended 31 March 2008 would have risen/declined by HK$2,400,000 and HK$3,250,000 respectively.

(iii) Cash flow and fair value interest rate risk

As at the relevant period ended, Million Good had bank borrowings, which expose it to cash flow interest-rate risk.

Million Good has had no sophisticated analyses to calculate the impact on profit and loss of a defined interest rate shift. Instead, its calculation is straight-forward. The impact on profit or loss so calculated in response to a 10 basis-point shift would be as follows:–

	Year/Period ended balance		Effect on profit or loss	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	41,874	27,199	42	27

(b) Credit risk

Million Good is a property investment company and has immaterial amount of receivables. Hence, the credit risk is insignificant.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and obtaining financial support from directors.

Million Good operates with a working capital deficit. The deficiency is fully compensated by the commitment from its director to continually provide the necessary financial support to enable Million Good to meet in full its financial obligations as they fall due for the foreseeable future.

3.2 Capital risk management

Million Good has had no particular measure to manage its capital. Its operations depend on the financial support given by its directors (who are also the Million Good's shareholders) and their other controlled companies. Amounts due to them at the relevant period ended 31 March 2007 and 2008 totalled approximately HK$13,750,000 and HK$479,000 respectively and have been classified as non-current liabilities.

The gearing ratios were as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Total borrowings		
– Bank borrowings *(Note 12)*	41,874	27,199
– Other loans *(Note 13)*	479	13,750
Cash and cash equivalents *(Note 11)*	(83)	(181)
Net debt	42,270	40,768
Total equity (comprising share capital and all reserves)	22,737	7,253
Total capital	65,007	48,021
Gearing ratio	65%	85%

3.3 Fair value estimation

The carrying values less impairment provision of other receivables (current) and other payables (current) are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Million Good for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements in applying the entity's accounting policies

Distinction between investment properties and owner-occupied properties

Million Good determines whether a property qualifies as investment property. In making its judgement, Million Good considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

5. OTHER OPERATING INCOME

	Period from 1 April 2007 to 31 March 2008	Period from 8 September 2006 (date of incorporation) to 31 March 2007
	HK$'000	*HK$'000*
Interest income		
– Bank deposits	2	–

6. PROFIT FROM OPERATING ACTIVITIES

	Period from 1 April 2007 to 31 March 2008	Period from 8 September 2006 (date of incorporation) to 31 March 2007
	HK$'000	*HK$'000*
Profit from operating activities is arrived at after charging:		
Auditor's remuneration	10	10
Staff costs	–	–

7. FINANCE COSTS

	Period from 1 April 2007 to 31 March 2008	Period from 8 September 2006 (date of incorporation) to 31 March 2007
	HK$'000	*HK$'000*
Interest expenses		
– Bank borrowings	1,472	213

8. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' emoluments disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:–

	Period from 1 April 2007 to 31 March 2008	**Period from 8 September 2006 (date of incorporation) to 31 March 2007**
	HK$'000	*HK$'000*
Fees	–	–
Other emoluments	1,158	1,014
	1,158	1,014

Million Good did not incur any staff costs during the relevant period.

9. TAXATION

Provision for Hong Kong profits tax is not required as Million Good derived no assessable income for the relevant period.

10. INVESTMENT PROPERTIES

	HK$'000
Valuation	
Additions	40,489
Surplus arising from revaluation	7,511
At 31 March 2007	48,000
At 1 April 2007	48,000
Surplus arising from revaluation	17,000
At 31 March 2008	65,000

The investment properties were revalued at the relevant period ended 31 March 2007 and 2008, by independent, professionally qualified valuers B.I. Appraisals Limited. Valuations were based on current prices in an active market for all properties.

In the income statement, amounts of direct operating expenses relating to investment properties that was unlet is for the relevant period ended 31 March 2007 and 2008 approximately HK$19,000 and HK$22,000 respectively.

Million Good's interest in investment properties and their net book values are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
In Hong Kong held on:		
Leases of between 10 to 50 years	65,000	48,000

11. CASH AND CASH EQUIVALENTS

	2008	2007
	HK$'000	*HK$'000*
Cash at bank	83	181

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2008	2007
	HK$'000	*HK$'000*
Cash and cash equivalents	83	181
Bank overdrafts *(Note 12)*	(15,264)	–
	(15,181)	181

12. BANK BORROWINGS

	2008	2007
	HK$'000	*HK$'000*
Non-current		
– Bank loans	25,807	26,610
Current		
– Bank overdrafts	15,264	–
– Bank loans	803	589
	16,067	589
Total bank borrowings	41,874	27,199

Total bank borrowings include secured liabilities of approximately HK$27,199,000 and HK$41,874,000 at the relevant period ended 31 March 2007 and 2008 respectively. The assets secured for the bank borrowings and their carrying amounts are as follows:–

	2008	2007
	HK$'000	*HK$'000*
Investment properties *(Note 10)*	65,000	48,000

The effective interest rates at the balance sheet date were as follows:

	2008	2007
Bank overdrafts	P-0.375%	–
Bank loans	2.9786%	5.0364%

The carrying amounts of current and non-current bank borrowings are approximate to their fair value.

The carrying amounts of bank borrowings are denominated in Hong Kong dollars.

13. OTHER LOANS

	2008	2007
	HK$'000	*HK$'000*
Loans from directors	479	13,750

Other loans are unsecured, interest free and will not be demanded to be repaid within twelve months from the date of this report.

The directors of Million Good are of the opinion that the fair value of the other loans liabilities cannot be determined because the pattern of the long-term repayment of the loans has not been concluded.

14. SHARE CAPITAL

	2008	2007
	HK$'000	*HK$'000*
Authorized:		
50,000 shares of US$1 @HK$7.8 each	390	390
Issued and fully paid:		
100 shares of US$1 @HK$7.8 each	1	1

Million Good was incorporated in British Virgin Islands on 8 September 2006 with an authorized capital of US$50,000 divided into 50,000 shares of US$1 each. During the relevant period, Million Good issued 100 shares of US$1 each at par, fully paid up, to provide initial working capital.

C. SUBSEQUENT EVENTS

Pursuant to the Acquisition Agreement dated 16 July 2008 entered into between Capital Up Holdings Limited ("Capital Up"), a direct wholly-owned subsidiary of the Company as at the date of this report, and the Vendors, the legal and beneficial owners of the entire issued share capital of Million Good, Capital Up will acquire from the Vendors their 100% equity interest in Million Good and the entire amount of loans due from Million Good at completion for a total consideration of HK$37 million.

Upon completion of the Acquisition, which is subject to the approval of the Company's shareholders at a special general meeting to be held on 22 September 2008. Million Good will become a wholly-owned subsidiary of Capital Up.

D. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by Million Good in respect of any period subsequent to 31 March 2008.

Yours faithfully
Kennic L. H. Lui & Co. Ltd.
Certified Public Accountants (Practising)

Lau Wu Kwai King, Lauren
Practising certificate number: P02651
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Unaudited Pro-Forma Financial Information of the Enlarged Group in respect of the Acquisition

Set out herein are the pro forma balance sheet, income statement and cash flow statement of the Enlarged Group (being HyComm Wireless Limited (the "Company") and its subsidiaries (the "Group"), and Million Good Group Limited ("Million Good")), which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition as if it had taken place on 31 March 2008 for the pro forma balance sheet and for the year ended 31 March 2008 for the pro forma income statement and cash flow statement.

The pro forma financial information has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position, financial results and cash flows of the Enlarged Group had the Acquisition been completed as at 31 March 2008 or at any future date.

I. Unaudited pro forma balance sheet of the Enlarged Group

	The Group as at 31 March 2008	**Million Good as at 31 March 2008**	**Unaudited pro forma adjustments**		**Unaudited pro forma balance sheet as at 31 March 2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	*(Note 2(i))*	*(Note 2(ii))*	
Non-current assets					
Investment properties	189,900	65,000	–	–	254,900
Properties, plant and equipment	5,844	–	–	–	5,844
Interests in leasehold land held for own use under operating leases	13,175	–	–	–	13,175
Interests in associates	1,965	–	–	–	1,965
Available-for-sale financial assets	61,808	–	–	–	61,808
Interest in a subsidiary	–	–	23,216	(23,216)	–
Goodwill	–	–	14,084	–	14,084
	272,692	65,000	37,300	(23,216)	351,776
Current assets					
Receivables, deposits and prepayments	54,698	33	–	–	54,731
Bank and cash balances	201,917	83	(37,300)	–	164,700
	256,615	116	(37,300)	–	219,431
Current liabilities					
Payables and accrued charges	20,075	26	–	–	20,101
Deposits received	22,902	–	–	–	22,902
Amount due to a director	11,805	–	–	–	11,805
Bank and other borrowings – due within one year	60,802	16,067	–	–	76,869
Taxes payable	1,422	–	–	–	1,422
	117,006	16,093	–	–	133,099
Net current assets/(liabilities)	139,609	(15,977)	(37,300)	–	86,332

	The Group as at 31 March 2008	Million Good as at 31 March 2008	Unaudited pro forma adjustments		Unaudited pro forma balance sheet as at 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	*(Note 2(i))*	*(Note 2(ii))*	
Non-current liabilities					
Bank borrowings – due after one year	59,030	25,807	–	–	84,837
Other loans	–	479	–	(479)	–
Deferred tax liabilities	3,759	–	–	–	3,759
Convertible notes	137,674	–	–	–	137,674
	200,463	26,286	–	(479)	226,270
NET ASSETS/(LIABILITIES)	211,838	22,737	–	(22,737)	211,838
CAPITAL AND RESERVES					
Share capital	416,064	1	–	(1)	416,064
Share premium and reserves	(207,383)	22,736	–	(22,736)	(207,383)
Total equity attributable to equity shareholders of the Company	208,681	22,737	–	(22,737)	208,681
Minority interests	3,157	–	–	–	3,157
TOTAL EQUITY/(DEFICIENCY IN ASSETS)	211,838	22,737	–	(22,737)	211,838

II. Unaudited pro forma income statement of the Enlarged Group

	The Group for the year ended 31 March 2008	**Million Good for the year ended 31 March 2008**	**Unaudited pro forma income statement for the year ended 31 March 2008**
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	
Turnover	11,062	–	11,062
Other operating income	3,994	2	3,996
	15,056	2	15,058
Operating costs	(13,920)	(46)	(13,966)
Staff costs	(5,008)	–	(5,008)
Amortization of prepaid lease payments	(40)	–	(40)
Surplus/(deficit) arising from revaluation of investment properties	(8,100)	17,000	8,900
Surplus arising from revaluation of properties, plant and equipment	27	–	27
	(27,041)	16,954	(10,087)
Profit/(Loss) from operating activities	(11,985)	16,956	4,971
Profit on disposal of rural land exploitation right	800	–	800
Profit on disposal of available-for-sale financial assets	17,880	–	17,880
Impairment loss recognized in respect of available-for-sale financial assets	(27,431)	–	(27,431)
Loss on disposal of a subsidiary	(44)	–	(44)
Finance costs	(7,641)	(1,472)	(9,113)
	(28,421)	15,484	(12,937)
Share of results of associates	(15)	–	(15)

	The Group for the year ended 31 March 2008	Million Good for the year ended 31 March 2008	Unaudited pro forma income statement for the year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	
Profit/(Loss) before taxation	(28,436)	15,484	(12,952)
Taxation	152	–	152
Profit/(Loss) for the year	(28,284)	15,484	(12,800)
Attributable to:			
Equity shareholders of the Company	(29,158)	15,484	(13,674)
Minority interests	874	–	874
	(28,284)	15,484	(12,800)

III. Unaudited pro forma cash flow statement of the Enlarged Group

	The Group for the year ended 31 March 2008	Million Good for the year ended 31 March 2008	Unaudited pro forma adjustments	Unaudited pro forma cash flow statement for the year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	*(Note 2(i))*	
Cash flows from operating activities				
Profit/(loss) before taxation	(28,436)	15,484	–	(12,952)
Adjustments for:				
Amortization of prepaid lease payment	40	–	–	40
Surplus/(deficit) arising from revaluation of:				
Investment properties	8,100	(17,000)	–	(8,900)
Properties, plant and equipment	(27)	–	–	(27)
Impairment loss recognized in respect of available-for-sale financial assets	27,431	–	–	27,431
Profit on disposal of:				
Rural land exploitation right	(800)	–	–	(800)
Available-for-sale financial assets	(17,880)	–	–	(17,880)
Loss on disposal of a subsidiary	44	–	–	44
Share of results of associates	15	–	–	15
Interest income	–	(2)	–	(2)
Interest expenses	7,641	1,472	–	9,113
Depreciation	1,902	–	–	1,902
Operating loss before changes in working capital	(1,970)	(46)	–	(2,016)
Increase in receivables, deposits and prepayments	(639)	–	–	(639)
Increase/(decrease) in payables and accrued charges	(13,522)	14	–	(13,508)
Increase in deposits received	21,787	–	–	21,787
Decrease in amount due to a director	(5,439)	–	–	(5,439)

	The Group for the year ended 31 March 2008 HK$'000 (Note 1)	Million Good for the year ended 31 March 2008 HK$'000 (Note 1)	Unaudited pro forma adjustments HK$'000 (Note 2(i))	Unaudited pro forma cash flow statement for the year ended 31 March 2008 HK$'000
Cash generated from/(used in) operations	217	(32)	–	185
Interest paid	(5,644)	(1,472)	–	(7,116)
Net cash used in operating activities	(5,427)	(1,504)	–	(6,931)
Cash flows from investing activities				
Purchase of properties, plant and equipment	(119)	–	–	(119)
Purchase of rural land exploitation right	(58,000)	–	–	(58,000)
Proceed from disposal of rural land exploitation right	5,880	–	–	5,880
Purchase of a subsidiary	–	–	(37,300)	(37,300)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	17,960	–	–	17,960
Purchase of available-for-sale financial assets	(3,239)	–	–	(3,239)
Net proceeds from disposal of available-for-sale financial assets	31,417	–	–	31,417
Interest received	–	2	–	2
Net cash from/(used in) investing activities	(6,101)	2	(37,300)	(43,399)
Cash flows from financing activities				
Net proceeds from issue of share capital	39,513	–	–	39,513
Net proceeds from issue of convertible notes	146,400	–	–	146,400
Repayments of bank borrowings	(8,463)	(589)	–	(9,052)
Proceeds from other borrowings	36,000	–	–	36,000
Repayments of other borrowings	(556)	–	–	(556)
Repayments of loans to directors	–	(13,271)	–	(13,271)
Net cash from/(used in) financing activities	212,894	(13,860)	–	199,034
Net increase/(decrease) in cash and cash equivalents	201,366	(15,362)	(37,300)	148,704
Cash and cash equivalents at beginning of the year	(11,315)	181	–	(11,134)
Cash and cash equivalents at end of the year	190,051	(15,181)	(37,300)	137,570

IV. Notes to the unaudited pro forma financial information of the Enlarged Group

1. BASIS OF PREPARATION

The pro forma financial information is prepared based on the consolidated balance sheet as at 31 March 2008 and the income statement and cash flow statement for the year ended 31 March 2008 of the Group extracted from the Group's published 2008 Annual Report, and the audited balance sheet as at 31 March 2008 and the income statement and cash flow statement for the year ended 31 March 2008 of Million Good extracted from the Accountants' Report set out in Appendix II to this Circular, after making certain pro forma adjustments that are summarized in note 2 below.

2. PRO FORMA ADJUSTMENTS

(i) The adjustments represent (a) the payment of a consideration of HK$37 million and estimated expenses incurred directly on the Acquisition of HK$300,000 by the Group by way of cash for the acquisition of the entire issued share capital of Million Good and the entire amounts of loans due from Million Good outstanding as at 31 March 2008 of HK$479,000 approximately, had the Acquisition be completed on 31 March 2008; and (b) the recognition of estimated goodwill of HK$14,084,000 approximately arising from the Acquisition on the basis that no impairment charges concerning the estimated goodwill is considered necessary.

Under Generally Accepted Accounting Principles in Hong Kong, the Group will apply the purchase method to account for the Acquisition. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of Million Good will be recorded on the unaudited pro forma balance sheet of the Enlarged Group at their fair values at the date of the completion, and all the capital and reserves of Million Good upon completion of the Acquisition will be eliminated as the pre-acquisition reserves of the Enlarged Group. Any goodwill arising on the Acquisition will be determined as the excess of the purchase consideration deemed to be incurred by the Group over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of Million Good at the date of completion of Acquisition.

For the purpose of preparing the unaudited pro forma balance sheet of the Enlarged Group after the Acquisition, the net book value of identifiable assets, liabilities and contingent liabilities of Million Good as at 31 March 2008, as extracted from the accountants' report on Million Good set out in the Circular, is applied in the calculation of the estimated goodwill arising from the Acquisition. The actual goodwill arising at the date of the completion of the Acquisition may be different from the estimated goodwill and the calculation on the basis as set out above because the fair value of the assets, liabilities and contingent liabilities of Million Good may be substantially different from their book value used in the preparation of the unaudited pro forma balance sheet.

(ii) The adjustments represent (a) the elimination of the Group's entire equity interests in Million Good; and (b) the elimination of amount due from Million Good to a subsidiary of the Group upon the completion of the Acquisition.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ENLARGED GROUP

呂禮恒會計師事務所有限公司
Kennic L. H. Lui & Co. Ltd.
Certified Public Accountants (Practising)

5/F, Ho Lee Commercial Building,
38–44 D'Aguilar Street, Central, Hong Kong
香港中環德己立街38－44號好利商業大廈5字樓

4 September 2008

The Directors
HyComm Wireless Limited

Dear Sirs,

We herein report on the unaudited pro forma income statement, the unaudited pro forma balance sheet and the unaudited pro forma cash flow statement of the Enlarged Group as set out in Section A of Appendix III to the shareholders' circular of HyComm Wireless Limited (the "Company") dated 4 September 2008 (the "Unaudited Pro Forma Financial Information"), which have been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of 100% equity interest in Million Good Group Limited ("Million Group") and the Million Good Loan from the Vendors as at the completion date by Capital Up Holdings Limited, a direct wholly owned subsidiary of the Company might have affected the consolidated income statement and consolidated cash flow statement of the Company and its subsidiaries (hereinafter, collectively, referred to as the "Group") for the year ended 31 March 2008 and the consolidated balance sheet of the Group as at 31 March 2008. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of this appendix.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information contained with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Enlarged Group as at 31 March 2008 or any future date; or
- the results of the Enlarged Group for the year ended 31 March 2008 or any future periods.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully
Kennic L. H. Lui & Co. Ltd.
Certified Public Accountants (Practising)

Lau Wu Kwai King, Lauren
Practising certificate number: P02651

MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

The following is the management discussion and analysis on the Group extracted from the annual report of the Company for the year ended 31 March 2008:

Currently, the Group is engaged in the businesses of property investment, provision of loan financing, operating leasing of car parking spaces, provision of short message services and trading of communication products.

Liquidity, Financial Resources, Pledge of Assets and Contingent Liabilities

The Group has bank and cash balance of approximately HK$201,917,000 as at 31 March 2008. The Group's major liabilities are the convertible notes and bank and other borrowings. The outstanding balance of convertible notes and bank and other borrowings, at 31 March 2008, amounted to approximately HK$137,674,000 and HK$119,832,000.

During the year, upon the issuance of secured convertible notes on 4 February 2008, the Group's gearing level (total liabilities less and bank balance over equity attributable to the shareholders of the Company) has decreased from 1.23 at 31 March 2007 to 0.55 at 31 March 2008. The borrowings outstanding at 31 March 2008 are secured by certain properties held by the Group and denominated in Hong Kong dollar only. Currently, the Group has a contingent liability in respect of legal claim. On 17 May 2008, a writ was filed by Mr. Yung Yu Ping against the Company in the High Court claiming the sum of HK$58,000,000. The Company had instructed lawyers to deal with the matter and filed a defence on 10 July 2008. These financial statements did not make any provision in respect of this claim owing to the uncertainties and unforeseeable outcome of the case. 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 2008, the Group had 10 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 discretion of the Board.

Corporate Moves

On 27 July 2007, the Group entered into a sale and purchase agreement to purchase a right to operate the cultivated land, forestry land, grassland and land for other agricultural uses in the Guangdong Province, PRC in consideration of HK$58,000,000, which was settled by the net proceed of the placing of 320,000,000 new shares of the Company at HK$0.126 each and internal resources. Subsequently, on 6 March 2008, a sale and purchase agreement was entered to dispose of the rights in consideration of HK$58,800,000.

On 13 August 2007 and 18 December 2007, sale and purchase agreements were entered to dispose of properties located at Yu Lok Lane and Bonham Strand respectively. For details, please refer to the circulars dated 4 September 2007 and 5 February 2008 respectively.

Pursuant to the share acquisition agreement dated 24 August 2007, the Group acquired in aggregate of 7.5% issued share capital of Corning Investments Limited, which principally in engaged in the business of outdoor television advertising, in consideration of HK$27,000,000, which was satisfied by allotment and issue of 270,000,000 new shares of the Company at an issue price of HK$0.1 each to the vendors. As the business is at development stage, for prudent basis, a provision of HK$4.5 million was made.

Pursuant to the resolutions passed by shareholders of the Company held on 16 November 2007, the secured convertible notes in principal of HK$150,000,000 was issued on 4 February 2008. The secured convertible notes will be matured on 2011, bears an interest of 5% per annum.

On 12 March 2008, the Company entered into the subscription agreement with Regal Power Investments Limited ("Regal Power") and agreed to allot and issue an aggregate of 590,000,000 new shares of the Company at an issue price of HK$0.10 each. The subscription price was satisfied by Regal Power procured to transfer 130,386,800 shares of Tomorrow International Holdings Limited which is listed in The Stock Exchange of Hong Kong Limited (Stock Code: 760) at a price of approximately HK$0.4525 each to the Company.

Following the special general meeting held on 2 June 2008, the capital reorganization of the Company became effective on 2 July 2008. The nominal value of issued share the Company was reduced to HK$0.001 each, the authorised but unissued share was subdivided into 100 shares of HK$0.001 each and the amount of HK$411,903,262.48 standing to the credit of the share premium account of the Company as at 31 March 2007 be cancelled.

As announced on 22 July 2008, among others, the Board proposed to implement the share consolidation pursuant to which every five shares of HK$0.001 each be consolidated into one consolidated share of HK$0.005 each. The Company also proposed to raise not more than HK$41.6 million before expenses, by way of an open offer of not more than 416,063,901 offer shares at a price of HK$0.1 per offer share on the basis of one offer share for every two consolidated shares. The record date was 27 August 2008. The offer shares not being taken up was underwritten by Regal Power and Head & Shoulders Securities Limited. Following the special general meeting held on 27 August 2008, the share consolidation was approved by shareholders and became effective on 28 August 2008. Prospectus in relation to the open offer was despatched on 28 August 2008.

MANAGEMENT DISCUSSION AND ANALYSIS ON MILLION GOOD

No turnover was recorded for the two years ended 31 March 2008 as the Million Good Property was self-used and occupied by the directors of Million Good. Profits for the two years ended 31 March 2008 amounted to approximately HK$7.3 million and approximately HK$15.5 million respectively. It was mainly contributed by the fair value gains on investment property for the two years ended 31 March 2008 of approximately HK$7.5 million and approximately HK$17.0 million respectively.

As at 31 March 2008, the major asset of Million Good was the Million Good Property. The total asset value of Million Good amounted to approximately HK$65 million (2007: approximately HK$48 million).

The total liabilities of Million Good amounted to approximately HK$42.4 million for the year ended 31 March 2008 which comprised bank loans and overdrafts due within one year of approximately HK$16.1 million, bank loans due over five years of approximately HK$25.8 million and amounts due to directors of approximately HK$0.5 million.

The total liabilities of Million Good amounted to approximately HK$41 million for the year ended 31 March 2007 which comprised bank loans due within one year of approximately HK$0.6 million, bank loans due over five years of approximately HK$26.6 million and amounts due to directors of approximately HK$13.8 million.

Financial Position

Save for the bank loans and the bank overdrafts, Million Good did not have any significant capital and financial commitments or other contingent liabilities as at 31 March 2007 and 2008.

Million Good's business transactions are mainly denominated in Hong Kong dollar and hence its exposure to fluctuations in foreign exchange risk is insignificant.

Million Good's interest rate risk arises mainly from bank borrowings which expose it to cash flow interest-rate risk. Million Good has not used derivative financial instruments to hedge its interest rate risk.

Liquidity

As at 31 March 2008, Million Good had a cash balance of approximately HK$83,000 (2007: approximately HK$181,000). The gearing ratio of Million Good is calculated as net debt divided by total capital. The gearing ratio decreased from approximately 85% for the year ended 31 March 2007 to approximately 65% for the year ended 31 March 2008.

Material Acquisition or Disposal of Subsidiaries or Associates

For the year ended 31 March 2008, Million Good did not have any material acquisition or disposal of its subsidiaries.

Staff

No staff was employed for the two years ended 31 March 2008.

Charges on Million Good's Assets

As at 31 March 2008, the total bank borrowings was secured by the Million Good Property at the interest rate equivalent to the best lending rate per annum, as quoted by the relevant bank from time to time, minus 0.375% (2007: Nil) for the bank overdrafts and approximately 2.9786% (2007: approximately 5.0364%) for the bank loans.

Future Investment

Million Good has no future plan for material investment and capital assets.

PROSPECTS OF THE ENLARGED GROUP

One of the principal businesses of the Group is involved in property investment and the rental income derived has been a stable source of revenue of the Group in the last two years. Upon completion of the Acquisition, the Directors expect that the Enlarged Group will continue to have a stable source of rental income and enjoy the potential of capital gain by owning the Million Good Property.

B.I.
To Know Your Strength Better

B.I. Appraisals Limited
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Website: www.bisurveyors.com.hk

4 September 2008

The Board of Directors
HyComm Wireless Limited
2nd Floor, Hillier Building
273–277 Queen's Road Central
33 Hillier Street
Hong Kong

Dear Sirs,

Re: House No. 26 and the Garden on the Ground Floor, and Car Parking Spaces Nos. 26A and 26B on Basement, Las Pinadas, No. 33 Shouson Hill Road, Hong Kong

In accordance with the instructions from HyComm Wireless Limited (hereinafter referred to as the "Company") for us to value the captioned property (hereinafter referred to as the "Property"), we confirm that we have carried out inspection, conducted land search, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 June 2008 (hereinafter referred to as the "Date of Valuation").

It is our understanding that this valuation document is to be used for reference purpose in relation to the proposed acquisition of the Property, and for the purpose of inclusion in a circular to be issued by the Company.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "an estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation has been carried out in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) issued by the Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

In arriving at the market value of the Property, which is owner-occupied, we have adopted the Direct Comparison Approach assuming the property is capable of being sold in existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions or offering as available in the relevant market.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement that would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting sales of the Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest valued nor for any expenses or taxation which may be incurred in effecting sales. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature that could affect its value.

In addition, in the course of our valuation, we have made the following assumptions:

a) The Property has been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated.

b) The Property is finished and maintained in reasonable condition commensurate with its age and use and is in its original layout without any unauthorized alteration.

c) All consents, approvals, required licences, permits, certificates and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

TITLE INVESTIGATION

We have conducted land searches at the Land Registry. However, we have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents have been used for reference only.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the Property. However, no structural survey has been made nor have any tests been carried out on any of the building services provided therein. We are, therefore, not able to report that the Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

We have not conducted any on-site measurement to verify the correctness of the floor areas of the Property but have assumed that the areas shown on the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents provided to us and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any future development.

We have relied to a considerable extent on the information provided by the Company and obtained from relevant government authorities on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, floor areas and all other relevant matters in the identification of the Property. We have not seen original planning consents and have assumed that the Property is erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation report are in Hong Kong dollars (HK$).

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Company, its subsidiaries, the Property or the value reported herein.

Our valuation certificate is attached herewith.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED
William C. K. Sham
Registered Professional Surveyor (G.P.)
China Real Estate Appraiser
MRICS, MHKIS, MCIREA
Executive Director

Note: Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 25 years' experience in the valuation of properties in Hong Kong and has over 10 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2008
House No. 26 and the Garden on Ground Floor, and Car Parking Spaces Nos. 26A and 26B on Basement, Las Pinadas, No. 33 Shouson Hill Road, Hong Kong An aggregate 477/10534th equal and undivided parts or shares of and in Rural Building Lot No. 1093	Las Pinadas is a residential development consisting of 22 blocks of semi-detached townhouse completed in about 1995. It is located on the southern side of Shouson Hill Road at its junction with Shouson Hill Road East with the Island South district of Hong Kong. The Property comprises a 3-storey (plus a basement) semi-detached townhouse with garden on the ground floor and two car parking spaces. The gross floor area of the Property (excluding the car parking spaces and ancillary areas thereof) is approximately 324.69 sq.m. (3,495 sq.ft.) and its saleable area is approximately 273.10 sq.m. (2,940 sq.ft.). The ancillary areas thereof include the following:	The property is owner-occupied as director's residence. (See Note 4 below)	HK$64,000,000

	Approximate Area *(sq.m.)*	*(sq.ft.)*
Terrace	17.09	184
Garden	36.51	393
Roof	73.95	796
Total	127.55	1,373

Rural Building Lot No. 1093 is held from the Government under Conditions of Exchange No. 12161 for a term from 29 August 1991 until 30 June 2047.

The government rent payable for the Property is HK$10,755 per quarter.

Notes:

(1) The registered owner of the Property is Million Good Group Limited vide Memorial No. 07012600800039 dated 5 January 2007.

(2) The Property falls within a "Residential (Group C)3" zone on Shouson Hill & Repulse Bay Outline Zoning Plan No. S/H17/9 dated 14 September 2004.

(3) The property is subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited registered under Memorial No. 07012600800041 dated 5 January 2007.

(4) We have been advised by the Company that the Property is current not subject to any tenancy and is proposed to be leased back to the existing occupant upon acquisition. The proposed tenancy will be for a term of 2 years commencing from the date of completion of the Acquisition and the monthly rent will be HK$130,000.

CBRE
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地產代理（公司）牌照號碼
Estate Agent's Licence No: C-004065

4 September 2008

The Board of Directors
Hycomm Wireless Limited
1/F, Hillier Building
Nos. 273–277 Queen's Road Central
No. 33 Hiller Street, Sheung Wan
Hong Kong Special Administrative Region

Dear Sirs,

In accordance with your instruction to us to carry out a valuation of the property, details of which are set out in the attached valuation certificate, held by Hycomm Wireless Limited ("the Company") and its subsidiaries (hereafter referred to as the "Group"), in Quarry Bay, Hong Kong Special Administrative Region. We confirm that we have made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property as at 8 August 2008 ("date of valuation").

Valuation Basis, Assumptions and Methodology

Our valuation is prepared in accordance with the "HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors and also complies with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Our valuation is our opinion of Market Value which is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

In valuing the property interest, we have adopted the market approach. Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the value of the property.

No allowance has been made in our valuation for any changes, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect the value.

Source of Information

We have caused searches to be made at the Land Registry, however we have not inspected the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us.

We have inspected the property to such extent that we consider necessary for the purpose of this valuation. However, we have not carried out building surveys, nor have we inspected those parts of the property which is covered, unexposed or inaccessible. Such parts have been assumed to be in reasonable repair and condition. During our inspection, we did not notice any serious defects. We have not carried out any structural survey and we are therefore unable to report whether the property is or is not free from rot, infestation or any other defects. No tests have been carried out on any of the building services.

We have relied to a considerable extent on information given to us by the instructing party, in particular on matters such as planning approvals, statutory notice, easements, floor layout plans, gross and leasable floor areas and tenancy details. Dimensions, measurements and areas included in the report are taken from the information and are therefore only approximations.

Confidentiality and Disclaimers

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. They may not be used for any purposes other than the intended purpose mentioned above. Possession of this report or any copy thereof does not carry with it the right of copying. Neither the whole nor any part of the report nor any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which they may appear.

The liability of CB Richard Ellis Limited and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third parties is accepted.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited
Gary C. Ip
MHKIS MRICS RPS (GP)
Senior Director
Valuation & Advisory Services

Note: Mr. Gary C. Ip is a Registered Professional Surveyor, a corporate member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. He has been practicing in the valuation of properties in Hong Kong for over 26 years.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8 August 2008 *(HK$)*
Basement and Shop No. 1 on Ground Floor of Tak Lee Building, No. 993 King's Road and Units 52, 53A, 53B, 56, 57, 58 and 60 on Basement of Po Lee Building and Wai Lee Building (Manly Plaza), Nos. 995 and 997 King's Road, Quarry Bay, Hong Kong. 21/1335 parts or shares, and 40/926 parts or shares of and in 8/1335 parts or shares of and in Section B and The Remaining Portion of Sub-section 4 of Section B and Sub-section 5 and The Remaining Portion of Section B of Quarry Bay Marine Lot No. 1.	The property comprises a shop unit on Ground Floor and various units on the Basement of three 26-storey composite buildings completed in or about 1967 to 1971 respectively. The property has a total gross floor area of approximately 24,581 sq.ft. (2,283.6 sq.m.) as per the information provided by the Instructing Party and a saleable area of about 23,678 sq.ft (2,199.74 sq.m.) as per measurement of the registered floor plans. Quarry Bay Marine Lot No. 1 is held under Government Lease for a term of 999 years commencing on 2nd February 1882. The annual government rent for Section B and The Remaining Portion of Sub-section 4 of Section B and Sub-section 5 and The Remaining Portion of Section B of Quarry Bay Marine Lot No. 1 is HK$138.	As at 8 August 2008, partial of the property was vacant whilst the remaining portion was let to various third-parties with occupancy rate of 84% for retail purposes The total monthly rental is $405,200 inclusive of government rates and management fee ranging from $1,300 to $68,000 per month for an average term of about 2 year. The range of tenancy commencement date is from 20 September 2006 to 12 August 2008, and the range of tenancy expiry date is from 14 September 2008 to 11 August 2010.	$83,000,000

Notes:

1. The registered owner of the property is "Oriental Gain Properties Limited" vide Memorial Nos. UB5873463 dated 17 November 1993, UB6545954 dated 12 February 1996 and UB7192471 dated 9 July 1997.

2. We were advised that the registered owner of the property, Oriental Gain Properties Limited, is a subsidiary of the Company.

3. The vacant units are listed below:

   A8, A10, A20 & A22, B5, B7, B9, B19, B1a, K2 & K5, K7, K13, K15, K16, K27 & K39, K28 and K35.

   The following units are let to various third parties:

   A1, A2, A3, A5, A6, A7, A9, A11, A12, A13, A15, A16, A17, A18, A19, A21, B1, B2, B3, B6, B8, B10, B11, B12, B13, B15, B16, B18, B3a, K1, K6, K8, K9, K10, K11, K12, K17, K19, K20, K21, K22, K23, K25, K26, K29 & K30, K31, K32, K33, K36, K37, K38, K40, K41–K43, K45 & K46, K47 & K48, K49, K50 & K51, C1, C2, C3, B17 & K18 and C5 & C6.

4. According to the land search records available to us, apart from various tenancy agreements, the property is subject to, inter alia, the following encumbrances:

   i) Deed of Covenant vide Memorial No. UB627674 dated 15 May 1968;

   ii) Deed of Reallocating Shares vide Memorial No. UB691430 dated 2 September 1969;

   iii) Mortgage in favour of Jian Sing Bank Limited vide Memorial No. UB8922067 dated 17 April 2003;

   iv) Assignment of Rentals in favour of Jian Sing Bank Limited vide Memorial No. UB8922068 dated 17 April 2003;

   v) Deed of Novation and Further Charge in favour of China Construction Bank (Asia) Corporation Limited in consideration of all moneys vide Memorial No. 07101102301142 dated 14 September 2007;

vi) Mortgage in favour of Gold Ascot Limited to secure all moneys in respect of general credit facilities vide Memorial No. 07120302030014 dated 5 November 2007; and

vii) Superseding Order No. CWP/S1/97945/07/HK under S.24(1) of the Buildings Ordinance with Plans by the Building Authority re: for common parts only vide Memorial No. 07121401120014 dated 29 October 2007.

For Basement and Shop No. 1 on Ground Floor of Tak Lee Building, No. 993 King's Road only:

i) Deed of Grant of Right of Way in favour of Union Metal Works Limited and May Kay Development Company Limited vide Memorial No. UB810455 dated 26 May 1971;

ii) Occupation Permit No. H208/71 vide Memorial No. UB843972 dated 26 October 1971;

iii) Supplemental Deed of Covenant vide Memorial No. UB851453 dated 16 November 1971; and

iv) Deed of Dedication between New Alliance Development Ltd, General Target Development Ltd and Oriental Gain Properties Limited vide Memorial No. UB8448337 dated 21 July 2001.

For Units 52, 53A, 53B, 56, 57, 58 and 60 on Basement of Po Lee Building and Wai Lee Building (Manly Plaza), Nos. 995 and 997 King's Road only:

i) Supplemental Deed of Mutual Covenant in favour of New Alliance Development Limited and General Target Development Limited vide Memorial No. UB5646184 dated 20 April 1993;

ii) Supplemental Deed of Mutual Covenant vide Memorial No. UB6187460 dated 20 April 1993; and

iii) Management Agreement in favour of Plotio Property & Management Company Limited vide Memorial No. UB7432315 dated 7 December 1993.

5. As shown on Quarry Bay Outline Zoning Plan No. S/H21/25 dated 25 July 2008, the property lies within an area zoned "Residential (Group A)".

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, was as follows:

Name of Director	Capacity	Total number of Shares held	Approximate percentage in issued Shares
Mr. Lai Yiu Keung	Beneficial owner and interest held by controlled corporations	59,124,000 *(Note)*	7.11%

Note: 23,852,000 Shares are beneficially owned by Mr. Lai Yiu Keung. 29,272,000 Shares are registered in the name of United Man's Limited, a company incorporated in the British Virgin Islands and the remaining 6,000,000 Shares are registered in the name of Justgood Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of these two companies is beneficially owned by Mr. Lai Yiu Keung.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group.

Long Positions

Name	**Capacity**	**Number of Shares held**	**Approximate % of shareholding interests** *(Note 6)*
Regal Power Investments Limited *(Note 1)*	Beneficial Owner	325,000,000	20.99
Billion Gain Development Limited *(Note 2)*	Beneficial Owner	100,000,000	6.46
Chan Yuen Ming *(Note 3)*	Beneficial Owner/ Interest of controlled corporation	425,000,000	27.45
Joy Glory Limited *(Note 4)*	Beneficial Owner	68,000,000	4.39
Lau Chi Yuen, Joseph *(Note 4)*	Beneficial Owner/ Interest of controlled corporation	100,000,000	6.46
Beh Yong Shin *(Note 2)*	Interest of controlled corporation	100,000,000	6.46
Head & Shoulders Securities Limited *(Note 5)*	Beneficial Owner	209,063,901	13.50
Simsen International Corporation Limited *(Note 5)*	Interest of controlled corporation	209,063,901	13.50

Notes:

1. Regal Power Investments Limited ("Regal Power") is wholly and beneficially owned by Mr. Chan Yuen Ming ("Mr. Chan"), who is also a director of Regal Power. Regal Power holds 118,000,000 Shares and undertakes to subscribe for 59,000,000 Shares to which it is entitled under the open offer as disclosed in the Company's announcement dated 22 July 2008 (the "Open Offer") and has conditionally agreed to underwrite a maximum of 148,000,000 Shares pursuant to the underwriting agreement dated 16 July 2008 and entered into among the Company, Regal Power and Head & Shoulders Securities Limited in relation to the Open Offer (the "Underwriting Agreement").

2. Billion Gain Development Limited is wholly and beneficially owned by Miss Beh Yong Shin, who is also a director of Billion Gain Development Limited.

3. Mr. Chan is a sole beneficial shareholder of Regal Power. Mr. Chan is also a holder of the Convertible Notes which entitles him to convert into 100,000,000 Shares.

4. Joy Glory Limited is wholly and beneficially owned by Mr. Lau Chi Yuen, Joseph, who is also a director of Joy Glory Limited.

5. Head & Shoulders is beneficially owned by Simsen International Corporation Limited, a company listed on the Stock Exchange (Stock Code: 00993). Head & Shoulders has conditionally agreed to underwrite a maximum of 209,063,901 Shares pursuant to the Underwriting Agreement.

6. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 1,548,191,704 Shares in issue immediately after completion of the Open Offer and assuming full conversion of the Convertible Notes.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, the Company had not been notified of any other interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or any persons (other then the Directors and chief executive of the Company) who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group.

4. SERVICE CONTRACT

As the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, other than matters already set out in the Company's annual report for the year ended 31 March 2008, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2008, being the date to which the latest published audited financial statements of the Company were made up.

7. LITIGATION

As disclosed in the announcement of the Company dated 20 May 2008, on 17 May 2008, a writ was filed by Mr. Yung Yu Ping, the seller of the rural land exploitation rights to the Enlarged Group, in respect of a claim for non-payment of the consideration for the rural land exploitation rights in the sum of HK$58,000,000. The Company has instructed lawyers to deal with the matter and filed a defence on 10 July 2008.

Save as disclosed above, as at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Enlarged Group which are or may be material:

(i) the sale and purchase agreement dated 27 July 2007 and entered into among the Company and Mr. Yung Yu Ping in relation to the acquisition of the right to operate rural land pursuant to the contracts entered into by Mr. Yung Yu Ping for contracting of the operation of the rural land and of the exploitation of timber on the rural land referred to in the relevant contracts for an aggregate consideration of HK$58,000,000;

(ii) the sale and purchase agreement dated 13 August 2007 and entered into between Election International Limited and Plotio and Lai Yiu Keung and Plotio Development (HK) Limited as vendor and Asset Luck Development Limited as purchaser in respect of the acquisition of the entire share capital of Billtech Limited for an aggregate consideration of HK$18,000,000;

(iii) the agreement dated 24 August 2007 and entered into between the Company, Delancey Limited, Executive Talent Limited, Noblemore Holdings Limited in connection with the conditional acquisition of 7.5% of the issued share capital in Corning Investments Limited for an aggregate consideration of HK$27,000,000;

(iv) the agreement dated 10 October 2007 and entered into between the Company and Hani Securities (H.K.) Limited in relation to the placing of 5% HK$240,000,000 convertible notes due 2010;

(v) the conditional sale and purchase agreement dated 18 December 2007 and entered into between Waterful Investment Limited and Rexy Investment in relation to the disposal of the entire issued share capital of Uni-tech Properties Limited and the shareholders' loan owed by City Friend Development Limited and Plotio Holdings (HK) Limited as at the date of completion for an aggregate consideration of HK$55,500,000;

(vi) the sale and purchase agreement dated 5 March 2008 and entered into among the Company and Casa Rosa Holdings Limited in relation to the disposal of the right to operate rural land pursuant to the contracts entered into by Mr. Yung Yu Ping for contracting of the operation of the rural land and of the exploitation of timber on the rural land referred to in the relevant contracts for an aggregate consideration of HK$58,800,000;

(vii) the conditional share subscription agreement dated 12 March 2008 and entered into between the Company and Regal Power Investments Limited ("Regal Power") in relation to the subscription of an aggregate of 590,000,000 shares of the Company by Regal Power in consideration of Regal Power procuring to transfer 130,386,800 shares in Tomorrow International Holdings Limited to the Company;

(viii) the underwriting agreement dated 16 July 2008 and entered into among the Company, Regal Power and Head & Shoulders Securities Limited in relation to the open offer of not more than 416,063,901 Shares; and

(ix) the Acquisition Agreement; and

(x) the Disposal Agreement.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 2nd Floor, Hillier Building, 273-277 Queen's Road Central and 33 Hiller Street, Hong Kong, up to and including the date of the SGM:

(i) the memorandum of association and bye-laws of the Company;

(ii) the annual report of the Company for the two financial years ended 31 March 2008;

(iii) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(iv) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31 March 2008;

(v) the accountants' report on Million Good as referred to in Appendix II;

(vi) the letter from Kennic L. H. Lui & Co. Ltd. in respect of the unaudited pro-forma financial information on the Enlarged Group as referred to in Appendix III;

(vii) the valuation report on Million Good Property referred to in Appendix V;

(viii) the valuation report on Oriental Gain Property referred to in Appendix VI;

(ix) the letters of consent from Kennic L. H. Lui & Co. Ltd., B.I. Appraisals Limited and CB Richard Ellis Limited referred to in the paragraph headed "Expert and Consent and Experts' Interest in Assets" in this Appendix.

10. EXPERT AND CONSENT AND EXPERTS' INTEREST IN ASSETS

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualification
B.I. Appraisals Limited	Professional Surveyors
CB Richard Ellis Limited	Professional Surveyors
Kennic L. H. Lui & Co. Ltd.	Certified Public Accountants

Each of B.I. Appraisals Limited, Kennic L.H. Lui & Co. Ltd. and CB Richard Ellis Limited is not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of B.I. Appraisals Limited, Kennic L.H. Lui & Co. Ltd. and CB Richard Ellis Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which they appear.

As at Latest Practicable Date, each of B.I. Appraisals Limited, Kennic L.H. Lui & Co. Ltd. and CB Richard Ellis Limited:

(a) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2008, being the date to which the latest published audited accounts of the Company were made up; and

(b) did not have any shareholding interest in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. MISCELLANEOUS

(a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the head office and principal place of business in Hong Kong is 2nd Floor, Hillier Building, 273–277 Queen's Road Central and 33 Hillier Street, Hong Kong.

(b) The qualified accountant and secretary of the Company is Ms. Law Pik Kam, Peggy, who is a member of The Hong Kong Institute of Certified Public Accountants.

(c) The principal share registrar and transfer office is Bank of Bermuda Limited, Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda.

(d) The Hong Kong branch share registrar of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2008 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

(f) There is no contract or arrangement entered into by any member of the Enlarged Group, subsisting as at the date hereof in which any of the Directors is materially interested and which is significant in relation to the business of the Enlarged Group as a whole.

(g) The English text of this circular shall prevail over the Chinese text in the event of any inconsistency between the English text and the Chinese text.

HYCOMM WIRELESS LIMITED
華脈無線通信有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00499)

NOTICE IS HEREBY GIVEN that a special general meeting of HyComm Wireless Limited (the "Company") will be held at Units 5701-06, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong on Monday, 22 September 2008 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions with or without amendments as an ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT** the conditional sale and purchase agreement dated 16 July 2008 (the "**Acquisition Agreement**") and entered into among Capital Up Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser and Mr. Choi Chiu Fai, Stanley and Ms. Cheung Fung Kuen, Maggie as vendors in relation to the acquisition of the entire issued share capital of Million Good Group Limited ("**Million Good**") and all the outstanding loans owed by Million Good to Mr. Choi Chiu Fai, Stanley and Ms. Cheung Fung Kuen, Maggie as at the date of completion (a copy of the Acquisition Agreement having been produced to the Meeting and marked "A" and initialed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and that any one director of the Company be and is hereby authorised to do such acts and things, to sign and execute all such further documents and to take such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Acquisition Agreement or any transactions contemplated under the Acquisition Agreement."

2. "**THAT** the conditional sale and purchase agreement dated 8 August 2008 (the "**Disposal Agreement**") and entered into among Ever Rich Develop Limited as purchaser and Rexy Investment Limited and Plotio Limited as vendors in relation to the disposal of the entire issued ordinary share capital of Oriental Gain Properties Limited ("**Oriental Gain**") and all the outstanding loans owed by Oriental Gain to Rexy Investment Limited and Plotio Limited as at the date of completion (a copy of the Disposal Agreement having been produced to the Meeting and marked "B" and initialed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and that any one director of the Company be and is hereby authorised to do such acts

* *for identification purpose only*

and things, to sign and execute all such further documents and to take such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Disposal Agreement or any transactions contemplated under the Disposal Agreement."

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

Hong Kong, 4 September 2008

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
2nd Floor, Hillier Building
273-277 Queen's Road Central and 33 Hillier Street
Hong Kong

Notes:

1. A form of proxy to be used for the meeting is enclosed.

2. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the share register of the Company in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the bye-laws of the Company be deemed joint holders thereof.

3. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

4. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the special general meeting or adjourned meeting.

5. As at the date of this notice, 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.