HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00499)

RESULTS ANNOUNCEMENT FOR YEAR ENDED 31 MARCH 2009

The Board of Directors (the "Board") of HyComm Wireless Limited (the "Company") announces that the audited consolidated results for the year ended 31 March 2009 of the Company and its subsidiaries (collectively referred to as the "Group") together with the comparative figures for the previous corresponding year are as follows:–

Consolidated Income Statement
Year ended 31 March 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Continuing operations			
Turnover	*2*	**12,648**	4,934
Other operating income		**4,313**	3,910
Finance costs	*6*	**(19,308)**	(7,641)
Operating costs		**(17,268)**	(13,506)
Impairment losses recognised in respect of available-for-sale financial assets	*5*	**(40,750)**	(27,431)
Deficit arising from revaluation of investment properties		**(25,721)**	(8,100)
Gain/(loss) on disposal of subsidiaries		**9,522**	(44)
Gain on disposal of associates		**20**	–
Amortisation of prepaid lease payments		**–**	(40)
Profit on disposal of available-for-sale financial assets		**–**	17,880
Profit on disposal of rural land exploitation right		**–**	800
Surplus arising from revaluation of property, plant and equipment		**–**	27
Loss before taxation	*4*	**(76,544)**	(29,211)
Taxation	*7*	**63**	426
Loss for the year from continuing operations		**(76,481)**	(28,785)
Discontinued operations			
Profit for the year from discontinued operations	*3*	**1,370**	501
Loss for the year		**(75,111)**	(28,284)

* *for identification purposes only*

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Attributable to:			
Equity holders of the Company			
from continuing operations		**(76,499)**	(28,785)
from discontinued operations		**664**	(373)
		(75,835)	(29,158)
Minority interests			
from continuing operations		**18**	–
from discontinued operations		**706**	874
		724	874
Loss for the year		**(75,111)**	(28,284)
		HK Cents	*HK Cents*
Loss per share	*8*		
From continuing and discontinued operations			
Basic		**(77.40)**	(79.99)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(78.08)**	(78.97)
Diluted		**N/A**	N/A

Consolidated Balance Sheet
At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**58,840**	189,900
Property, plant and equipment		**–**	5,844
Prepaid lease payments		**–**	13,175
Interest in associates		**–**	1,965
Available-for-sale financial assets		**33,412**	61,808
		92,252	272,692
Current assets			
Receivables, deposits and prepayments	*9*	**17,322**	54,698
Bank and cash balances		**179,340**	201,917
		196,662	256,615
Assets classified as held for sale	*10*	**85,291**	–
		281,953	256,615
Current liabilities			
Payables and accrued charges	*11*	**38,452**	20,075
Deposits received		**12,041**	22,902
Amount due to a director		**196**	11,805
Bank and other borrowings – due within one year		**1,364**	60,802
Tax liabilities		**–**	1,422
		52,053	117,006
Liabilities associated with assets classified as held for sale	*10*	**59,592**	–
		111,645	117,006
Net current assets		**170,308**	139,609
Total assets less current liabilities		**262,560**	412,301

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Non-current liabilities			
Bank and other borrowings			
– due after one year		**24,683**	59,030
Deferred tax liabilities		**–**	3,759
Convertible notes	*12*	**–**	137,674
		24,683	200,463
Net assets		**237,877**	211,838
Capital and reserves			
Share capital		**49,928**	416,064
Share premium and reserves		**187,931**	(207,383)
Equity attributable to equity holders of the Company		**237,859**	208,681
Minority interests		**18**	3,157
Total equity		**237,877**	211,838

Consolidated Statement of Changes in Equity
Year ended 31 March 2009

	Share capital HK$'000	Share premium HK$'000	Surplus account HK$'000	Capital reserve HK$'000	Fair value reserve HK$'000	Accumulated loss HK$'000	Total HK$'000	Minority interest HK$'000	Total HK$'000
The Group									
At 1 April 2007	298,064	491,426	255,025	–	10,772	(942,068)	113,219	2,283	115,502
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)
Total recognised income and expenses for the year	–	–	–	–	(10,772)	(29,158)	(39,930)	874	(39,056)
Issue of convertible notes	–	–	–	9,877	–	–	9,877	–	9,877
Issue of shares	86,000	–	–	–	–	–	86,000	–	86,000
Placement of new shares	32,000	7,515	–	–	–	–	39,515	–	39,515
At 31 March 2008 and 1 April 2008	416,064	498,941	255,025	9,877	–	(971,226)	208,681	3,157	211,838
Change in fair value of available-for-sale financial assets	–	–	–	–	12,354	–	12,354	–	12,354
Profit/(loss) for the year	–	–	–	–	–	(75,835)	(75,835)	724	(75,111)
Total recognised income and expenses for the year	–	–	–	–	12,354	(75,835)	(63,481)	724	(62,757)
Capital reduction	(411,903)	–	–	–	–	411,903	–	–	–
Share premium cancellation	–	(411,903)	–	–	–	411,903	–	–	–
Issue of shares on open offer	2,080	38,633	–	–	–	–	40,713	–	40,713
Rights issue of shares	43,687	18,136	–	–	–	–	61,823	–	61,823
Early redemption of convertible notes	–	–	–	(9,877)	–	–	(9,877)	–	(9,877)
Disposal of subsidiaries	–	–	–	–	–	–	–	(3,863)	(3,863)
At 31 March 2009	49,928	143,807	255,025	–	12,354	(223,255)	237,859	18	237,877

Notes:–

(1) Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which have been effective:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustments have been required.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective.

(2) Turnover and segment information

The principal activity of the Company is investment holding and its subsidiaries mainly engage in the businesses of leasing of properties, carpark management and loan financing. These business segments are the basis on which the Group reports its primary segment information. During the year, the Group has newly engaged in the carpark management and loan financing businesses and discontinued the businesses of short message services ("SMS") and sale of goods (see note 3). Accordingly, the businesses of SMS services and sale of goods are classified as discontinued operations. Segment information on these businesses is presented below.

Business Segments

2009

	Continuing operations				Discontinued operations			
	Leasing of properties	Carpark management	Loan financing	Total	SMS	Sale of goods	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER								
External sales	5,412	4,468	2,768	12,648	6,407	24	6,431	19,079
RESULTS								
Segment results	1,869	(522)	2,712	4,059	1,749	(396)	1,353	5,412
Unallocated income				4,132			–	4,132
Deficit arising from revaluation of investment properties	(25,721)	–	–	(25,721)			–	(25,721)
Impairment losses recognised in respect of available-for-sale financial assets				(40,750)			–	(40,750)
Unallocated corporate expenses				(8,498)			–	(8,498)
Gain on disposal of subsidiaries				9,522			–	9,522
Gain on disposal of associates				20			–	20
Finance costs				(19,308)			–	(19,308)
Share of results of associates				–			(8)	(8)
Profit/(loss) before taxation				(76,544)			1,345	(75,199)
Taxation				63			25	88
Profit/(loss) for the year				(76,481)			1,370	(75,111)

Business Segments (con't)

2008

	Continuing operations			Discontinued operations			
	Leasing of properties	Unallocated items	Total	SMS	Sale of goods	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER							
External sales	4,934	–	4,934	5,983	145	6,128	11,062
RESULTS							
Segment results	(303)	–	(303)	2,407	(1,617)	790	487
Unallocated other income			3,719			–	3,719
Amortisation of prepaid lease payments	(16)	(24)	(40)	–	–	–	(40)
Deficit arising from revaluation of investment properties	(8,100)	–	(8,100)	–	–	–	(8,100)
Surplus arising from revaluation of property, plant and equipment	15	12	27	–	–	–	27
Impairment losses recognised in respect of available-for-sale financial assets			(27,431)			–	(27,431)
Unallocated corporate expenses			(8,078)			–	(8,078)
Profit on disposal of rural land exploitation right			800			–	800
Profit on disposal of available-for-sale financial assets			17,880			–	17,880
Loss on disposal of a subsidiary			(44)			–	(44)
Finance costs			(7,641)			–	(7,641)
Share of results of associates			–			(15)	(15)
Profit/(loss) before taxation			(29,211)			775	(28,436)
Taxation			426			(274)	152
Profit/(loss) for the year			(28,785)			501	(28,284)

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

(3) Discontinued operations

During the year ended 31 March 2009, the Group disposed of the SMS services segment and planned to dispose of the sale of goods business. The operating results of these two segments were therefore classified as discontinued operations. The combined profits of the SMS services and sale of goods businesses for the period from 1 April 2008 to the respective dates of disposal or the dates of planned dispose of, which have been included in the consolidated income statement, were approximately HK$1,370,000 (2008: HK$501,000).

(4) Loss before taxation

	Continuing operations 2009 HK$'000	Continuing operations 2008 HK$'000	Discontinued operations 2009 HK$'000	Discontinued operations 2008 HK$'000	Consolidated 2009 HK$'000	Consolidated 2008 HK$'000
Loss before taxation is arrived at after charging:						
Staff costs (including directors' emoluments)	**2,072**	4,057	**812**	951	**2,884**	5,008
Other items						
Auditor's remuneration						
– audit services	**619**	640	**55**	55	**674**	695
– other services	**444**	171	**–**	–	**444**	171
Depreciation	**980**	1,834	**111**	68	**1,091**	1,902
Amortisation of prepaid lease payments	**–**	40	**–**	–	**–**	40
Operating lease charges in respect of rented premises	**3,995**	26	**168**	1,128	**4,163**	1,154
and after crediting:						
Rental income, net of outgoings	**3,380**	2,333	**–**	–	**3,380**	2,333

(5) Impairment losses recognised in respect of available-for-sale financial assets

During the year ended 31 March 2009, the Group's available-for-sale financial assets were individually determined to be impaired to the extent of HK$40,750,000 on the basis of declines in their fair values.

	Continuing operations and consolidated 2009 HK$'000	Continuing operations and consolidated 2008 HK$'000
Impairment losses on listed equity securities	**18,250**	22,931
Impairment losses on unlisted equity securities	**22,500**	4,500
	40,750	27,431

(6) Finance costs

	Continuing operations and consolidated 2009 HK$'000	Continuing operations and consolidated 2008 HK$'000
Interest expense on:		
Bank borrowings wholly repayable within five years	**1,595**	3,643
Bank borrowings not wholly repayable within five years	**222**	1,818
Interest on convertible notes	**5,332**	1,002
Other borrowings	**947**	1,178
Loss on early redemption of convertible notes	**11,212**	–
Total interest expense on financial liabilities not at fair value through the income statement	**19,308**	7,641

(7) Taxation

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The credit/(charge) comprises:						
Hong Kong profits tax	**–**	–	**25**	(274)	**25**	(274)
Deferred tax	**63**	426	**–**	–	**63**	426
	63	426	**25**	(274)	**88**	152

Hong Kong profits tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

Reconciliation between taxation and loss before taxation at applicable tax rates:

	2009	2008
	HK$'000	*HK$'000*
Loss before taxation	**(75,199)**	(28,436)
Notional tax on loss before taxation, calculated at the statutory rates of 16.5% (2008: 17.5%)	**(12,408)**	(4,976)
Overprovision of taxation in previous years	**(25)**	–
Tax effect of non-deductible expenses	**12,808**	6,827
Tax effect of non-taxable revenue	**(3,118)**	(1,306)
Tax effect of unused tax losses not recognised	**3,278**	734
Tax effect of unprovided prior year tax losses utilised this year	**(58)**	(151)
Tax effect of temporary differences not recognised	**(521)**	(1,280)
Effect on opening deferred tax balance resulting from a decrease in tax rate during the year	**(44)**	–
Taxation for the year	**(88)**	(152)

(8) Loss per share

The calculation of basic loss per share for the year ended 31 March 2009 is based on the loss attributable to equity holders of the Company from continuing and discontinued operations of approximately HK$75,835,000 (2008: HK$29,158,000) and from continuing operations of approximately HK$76,499,000 (2008: HK$28,785,000) divided by the weighted average number of 97,978,000 shares (2008: 36,451,000 shares (restated)) after adjusting for the effects of the share consolidation, open offer and rights issue of shares during the year. The basic loss per share for 2008 has been adjusted accordingly.

Basic earning per share for discontinued operations is HK0.68 cents per share (2008: basic loss of HK1.02 cents per share). Based on the profit for the year from the discontinued operations of HK$664,000 (2008: loss of HK$373,000) and the denominators detailed above for basic loss per share.

The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2009 and 2008. The computation of diluted loss per share does not assume the conversion of the Company's convertible notes since their exercise would result in decrease in loss per share.

(9) Receivables, deposits and prepayments

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**884**	242
Deposits and prepayments	**373**	1,094
Loans receivable	**12,000**	–
Other receivables	**3,600**	52,920
Loan interest receivables	**465**	–
Amounts due from related companies	**–**	442
	17,322	54,698

The credit terms are negotiated with and entered into under normal commercial terms. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The aging analysis of trade receivable is as follows:

	2009	2008
	HK$'000	*HK$'000*
0-30 days	**268**	168
31-90 days	**616**	43
Over 90 days	**–**	31
	884	242

(10) Assets held for sale

Pursuant to an announcement of the Company dated 4 September 2008, the Group entered into a conditional sale and purchase agreement with an independent third party on 8 August 2008 to dispose of the Group's equity interest in Oriental Gain Properties Limited.

Pursuant to a sale and purchase agreement dated 1 April 2009, the Group disposed of the entire issued share capital of its wholly-owned subsidiary, Plotio Limited, and its subsidiaries (collectively the "Plotio Group") to an independent third party.

The above disposal transactions were completed in April 2009. The assets and liabilities attributable to these subsidiaries have been classified as assets held for sale and liabilities associated with assets classified as held for sale and are presented separately in the consolidated balance sheet as at 31 March 2009.

In addition, on 19 March 2009, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of one of its investment properties for a consideration of HK$3.5 million. This investment property is also classified as an asset held for sale as at 31 March 2009.

The major classes of assets and liabilities comprising Oriental Gain Properties Limited, Plotio Group and the investment property held for sale at the balance sheet date were as follows:

	2009
	HK$'000
Investment properties	**81,243**
Property, plant and equipment	**2,929**
Trade and other receivables	**1,073**
Bank and cash balances	**46**
Assets classified as held for sale	**85,291**
Trade and other payables	**7,498**
Amounts due to a director	**15,500**
Bank borrowings	**35,792**
Current tax liabilities	**106**
Deferred tax liabilities	**696**
Liabilities associated with assets classified as held for sale	**59,592**
Net assets classified as held for sale	**25,699**

(11) Payables and accrued charges

	2009	2008
	HK$'000	*HK$'000*
Trade payables	**–**	4,819
Accrued charges	**2,460**	9,174
Other payables	**35,992**	–
Amounts due to related companies	**–**	1,787
Amounts due to former shareholders	**–**	4,295
	38,452	20,075

The aging analysis of trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0-30 days	**–**	4
31-90 days	**–**	–
Over 90 days	**–**	4,815
	–	4,819

(12) Convertible notes

The HK$150 million secured convertible notes were issued by the Company on 4 February 2008. Each note entitles the holder to convert to one ordinary share at a conversion price of HK$0.10. Conversion could occur at any time between 4 February 2008 to 3 February 2011. The Company was entitled to 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 contained two components identified as the liability and equity elements. The equity component was reported in equity section under the heading "Capital reserve". The effective interest rate of the liability component was 5.29%.

An analysis of the movement of the liability component of the convertible notes was set out as below:

	The Group and the Company *HK$'000*
Nominal value of convertible notes issued	150,000
Equity component	(9,877)
Total transaction cost	(3,600)
Liability component at date of issue	136,523
Interest charged	1,002
Transaction cost amortised	149
Liability component at 31 March 2008 and 1 April 2008	137,674
Interest charged	5,332
Transaction cost amortised	796
Interest paid	(6,334)
Early redemption of convertible notes	(137,468)
Liability component at 31 March 2009	–

On 26 November 2008 and 26 February 2009, the Company redeemed convertible notes with nominal values of HK$42 million and HK$108 million, respectively.

(13) Comparative figures

Certain comparative figures have been restated in compliance with HKFRS 5 "Non-current Assets Held for Sales and Discontinued Operations" from the discontinued operations of the Group's SMS services and sale of goods businesses during the year.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: nil).

REVIEW AND PROSPECTS

Principal Activities

The principal activity of the Company is investment holding and its subsidiaries which mainly engage in the businesses of property investment, provision of loan financing and operating the leasing of car parking spaces.

Business Review

During the year ended 31 March 2009, the Group recorded turnover in continuing operations for the year of approximately HK$12.6 million (2008: HK$4.9 million) and a loss for the year in continuing operations of approximately HK$76.5 million (2008: HK$28.8 million). For the discontinued operations, they recorded turnover of approximately HK$6.4 million (2008: HK$6.1 million) and a profit of approximately HK$1.4 million (2008: HK$0.5 million). In aggregate, the Group recorded a loss of approximately HK$75.1 million (2008: HK$28.3 million). Loss for the year was mainly attributable to finance costs, deficit arising from revaluation of investment properties and impairment losses recognised in respect of available-for-sale financial assets during the year.

Loss per share amounted to HK77.40 cents, as compared with loss per share of HK79.99 cents in the previous year. As at 31 March 2009, the Group's net cash position amounted to HK$179.3 million (2008: HK$201.9 million) representing 75.40% (2008: 96.76%) of the equity attributable to equity holders of the Company of HK$237.9 million (2008: HK$208.7 million).

Hong Kong faces a very challenging economic environment due to the globally widespread impact of the financial tsunami and the Group's business has also been affected. During the year under review, to diversify the income base of the Group, businesses of leasing of car parking spaces and provision of loan financing have been commenced and the business of short message services was disposed of. The rental incomes from investment properties have continued to contribute to the Group. Each segments provided a stable income stream to the Group. The Group recorded the turnover of HK$12.6 million, which was represented by the businesses in leasing of properties, carpark management and loan financing for the amounts of HK$5.4 million, HK$4.5 million and HK$2.7 million respectively. The Group recorded a profit in the segment of leasing of properties and loan financing of approximately HK$1.9 million and HK$2.7 million respectively and a loss in the segment of carpark management of approximately HK$0.5 million. The record of loss from continuing operations for the year of approximately HK$76.5 million was mainly due to the finance costs of HK$19.3 million, deficit arising from revaluation of investment properties of HK$25.7 million and impairment losses recognised in respect of available-for-sale financial assets of HK$40.8 million during the year.

Prospects

The global economic conditions have deteriorated significantly in recent and uncertainties lie ahead. In light of the global unforeseen and unstable circumstances, the Board shall continuously take prudent approach to manage its businesses and will review its investment portfolio from time to time so as to strengthen and enhance the value of the Group. It is expected that the Group will be in better position to cope with the current uncertain business environment. It hopes the business environment will improve soon and the value of investment portfolio of the Group will be appreciated. The continued operations in businesses of property investment, leasing of carparking spaces and loan financing maintain to provide a stable income for the Group. Moreover, it is also likely that the new opportunities may emerge and the management remains cautiously optimistic about the Group's prospects.

Corporate Moves

Pursuant to the circular dated 8 May 2008, a special resolution for the capital reorganisation involving of capital reduction, subdivision and share premium cancellation was passed in special general meeting of the Company held on 2 June 2008. The capital reorganisation became effective on 2 July 2008.

In July 2008, the Board proposed a share consolidation pursuant to which every five shares of HK$0.001 each be consolidated into one consolidated share of HK$0.005 each. Moreover, the Company proposed to raise approximately HK$41.6 million, before expenses, for gerenal working capital by way of an open offer of not more than 416,063,901 offer shares at price of HK$0.10 per offer share on basis of one offer share for every two consolidated shares. The Company entered into an underwriting agreement with Regal Power Investments Limited and Head & Shoulders Securities Limited. The open offer was under-subscribed. Pursuant to the underwriting agreement, Regal Power Investments Limited took up 148,000,000 untaken offer shares and Head & Shoulders Securities Limited procured subscribers who are all independent third parties to take up 134,947,910 untaken offer shares. The open offer became unconditional on 17 September 2008 and 416,063,901 ordinary shares of HK$0.005 each were issued and allotted.

In July 2008, the Group entered into an acquisition agreement, whereby the Group agreed to acquire the entire issued share capital of and the shareholders loan of Million Good Group Limited, for an aggregate consideration of HK$37 million, which was satisfied by payment of cash of HK$2 million and the balance in the sum of HK$35 million shall pay on or before 270 days from the date of completion. As a security for due payment, a share charge over the shares of Million Good Group Limited was executed. Resolution for the acquisition was passed by shareholders of the Company at the special general meeting held on 22 September 2008. The acquisition was completed on 31 October 2008.

In August 2008, the Group entered into a disposal agreement, whereby the Group agreed to dispose of the entire ordinary shares of and shareholders loans of Oriental Gain Properties Limited for an aggregate consideration of HK$42.9 million. Resolution for the disposal was passed by shareholders of the Company at the special general meeting held on 22 September 2008. Meanwhile, a deed of variation was entered to extend the completion. Moreover, a deed of guarantee was entered by Mr. Lai Yiu Keung, an executive director of the Company resigned on 4 June 2009, to guarantee and secure the due and punctual payment and performance of the purchaser's obligation. The completion of the disposal took place in April 2009.

Partial principal of the HK$150 million secured convertible notes issued by the Company on 4 February 2008 for the amount of HK$42 million was redeemed on 26 November 2008. The balance of the outstanding principal amount of HK$108 million was fully redeemed on 26 February 2009.

As announced on 1 December 2008, the Board proposed to implement the share consolidation pursuant to which every twenty shares of HK$0.005 each be consolidated into one consolidated share of HK$0.1 each. Upon the share consolidation becoming effective, the Company also proposed to raise not less than approximately HK$62.9 million, before expenses, for general working capital by way of the rights issue of 436,867,095 rights shares at a price of HK$0.144 per rights share on the basis of seven rights shares for every consolidated share held on the record date. An underwriting agreement was entered into between Regal Power Investments Limited, Joy Glory Limited and Head & Shoulders Securities Limited as underwriters and the Company. Resolutions to approve the share consolidation and the rights issue were duly passed by way of poll by the shareholders of the Company at the special general meeting held on 23 January 2009. As a result of under-subscription of the rights shares, pursuant to the underwriting agreement, Regal Power Investments Limited and Joy Glory Limited fulfilled their underwriting obligations to take up 18,500,000 and 72,000,000 shortfall rights shares respectively. Head & Shoulders Securities Limited procured Billion Gain Development Limited and other subscribers who are all independent third parties to take up 94,000,000 and 102,888,826 shortfall rights shares respectively. The rights issue became unconditional on 26 February 2009 and 436,867,095 ordinary shares of HK$0.1 each were issued and allotted.

In February 2009, an indirect wholly-owned subsidiary of the Company entered into the agreement with an independent third party to sell 60% of the entire issued share capital of Global Edge Technology Limited for an aggregate consideration of HK$4 million. Resolution for the transaction was passed by shareholders of the Company at the special general meeting held on 27 March 2009. The completion of the disposal took place on 31 March 2009.

Liquidity, financial resources, pledge of assets and contingent liabilities

As at 31 March 2009, bank and cash balances (including time deposits) maintained by the Group were HK$179.3 million (2008: HK$201.9 million), representing a decrease of HK$22.6 million compared with the position as at 31 March 2008. It is believed that the Group has adequate cash resources to meet the normal working capital requirements and all commitments of future development. The gearing of the Group, measured as total debts to total assets, was 36.4% as at 31 March 2009, comparing with 60.0% as at 31 March 2008.

Most of the business transactions conducted by the Group were denominated in Hong Kong Dollars. As at 31 March 2009, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

As at 31 March 2009, investment properties of approximately HK$129.7 million (2008: HK$189.9 million) were pledged to secure the Group's bank borrowings.

At 31 March 2009, the Group had outstanding corporate guarantee given in favour of bank amounting to HK$33 million to secure general banking facilities granted to a former subsidiary in which Mr Lai Yiu Keung has beneficial interest. The total amount of facilities utilised by this former subsidiary amounted to approximately HK$26 million.

As at 31 March 2009, other than disclosed above, the Group did not have any material contingent liability and capital commitment.

Employee

As at 31 March 2009, the Group had 4 staff. Employees and directors are remunerated based on individual contribution, industry practice and prevail market situation and in accordance with prevailing labour laws. In addition to the basic salary, employees and directors are rewarded with performance-related bonuses, other staff welfare and also a share option scheme will be made available to certain staff of the Group at the discretion of the Board.

POST BALANCE SHEET EVENTS

(a) The Group entered into a conditional sale and purchase agreement with an independent third party on 8 August 2008 to dispose of the Group's equity interest in a subsidiary of the Group for consideration of HK$42.9 million and the transaction was completed in April 2009.

(b) Pursuant to the sale and purchase agreement dated 1 April 2009, the Group disposed of the entire issued share capital of its wholly-owned subsidiary and its subsidiaries to an independent third party for consideration of HK$1,000 and the transaction was completed in April 2009.

(c) On 19 March 2009, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of one of its investment properties at consideration of HK$3.5 million and the transaction was completed in April 2009.

(d) On 19 June 2009, the Group disposed 90 million shares of Tomorrow International Holdings Limited, a listed company in Hong Kong, at consideration of HK$0.219 per share to an independent third party.

CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes effort to identifying and formalising best practices. The Company has applied the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except of the following deviations.

CG Code provision A.4 states that non-executive director should be appointed for a specific term and every directors be subject to retirement by rotation at least once every three years. According to the Company's bye-laws, at every annual general meeting, one-third of the directors for the time being (or, if the number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that no director holding the office as chairman and/or managing director shall be subject to retirement by rotation. The Board is in the opinion that the continuity of office of the chairman and/or managing director provides the Group with strong and consistent leadership and smoothes operations. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the CG Code.

CG Code provision B.1.1 states that companies should establish a remuneration committee with specific terms of reference which deal clearly with its authority and duties and a majority of the members of the remuneration committee should be independent non-executive directors. The Board is in the opinion that establishment of a remuneration committee as required by this provision does not really provide benefit after due consideration of the size of the Group and the associated costs involved. Moreover, the Board conducts an informal assessment of the individual director's contribution so that no director decide their own remuneration. Apart from basic salary, staff benefits include performance related bonuses and mandatory provident fund would be provided by the Group.

The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the CG Code as and when considered appropriate.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having make specific enquiries of all directors of the Company, they have confirmed that they complied with required standards set out in the Model Code throughout the accounting period covered by the annual report.

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or its subsidiaries during the year.

DIRECTORS

As at the date of this announcement, the executive directors are Mr. Liu Shun Chuen and Mr. Yeung Sau Chung and the independent non-executive directors are Mr. Ng Wai Hung, Mr. Wu Wang Li and Mr. Jacobsen William Keith.

In accordance with bye-law of the Company, Mr. Yeung Sau Chung and Mr. Jacobsen William Keith will retire from office at forthcoming annual general meeting and, being eligible offer themselves for re-election.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and reports to the Board. The primary duties of the audit committee are to review and advise on the accounting principles and practices adopted by the Group, auditing, financial reporting process and internal control system of the Group, including review of the results for the year ended 31 March 2009. The audit committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

An annual report of the Company for the year ended 31 March 2009 containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the websites of the Company (http://www.hycomm-wireless.com) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) in due course.

By Order of the Board
Liu Shun Chuen
Chairman

Hong Kong 17 July 2009