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HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The Board of Directors (the "Board") of HyComm Wireless Limited (the "Company") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010 together with comparative figures for the previous corresponding period are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
	Notes	2010	2009
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	4,020	5,137
Other operating income	4	1,934	7,243
Finance costs	7	(335)	(836)
Operating costs		(6,090)	(5,267)
Surplus arising from revaluation of investment properties		21,720	11,260
Gain on disposal of subsidiaries	6	—	20,702
Profit before taxation	5	20,206	38,239
Taxation	8	—	—
Profit for the period		21,249	38,239

		Six months ended	
		30 September	
		2010	2009
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
		Notes	
Other comprehensive income			
Available-for-sale financial assets:			
– Changes in fair value during the period		(1,789)	13,003
– Realisation of changes in fair value on disposal		(1,518)	(6,210)
Other comprehensive income for the period, net of tax		(3,307)	6,793
Total comprehensive income for the period		17,942	45,032
Profit for the period attributable to:			
Owners of the Company		21,257	38,233
Non-controlling interests		(8)	6
Profit for the period		21,249	38,239
Total comprehensive income for the period attributable to:			
Owners of the Company		17,950	45,026
Non-controlling interests		(8)	6
Total comprehensive income for the period		17,942	45,032
		HK cents	HK cents
Earnings per share			
Basic		4.26	7.66
Diluted		N/A	N/A

9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2010 HK\$'000 (unaudited)	31 March 2010 HK\$'000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	10	101,700	79,980
Available-for-sale financial assets	11	30,678	23,682
		<u>132,378</u>	<u>103,662</u>
Current assets			
Trade and other receivables	12	1,767	7,213
Time deposits with maturity over 3 months		29,344	180,438
Cash at bank and on hand		207,345	62,666
		<u>238,456</u>	<u>250,317</u>
Current liabilities			
Other payables and accrued charges	13	1,494	1,747
Bank borrowings	14	1,205	1,616
		<u>2,699</u>	<u>3,363</u>
Net current assets		<u>235,757</u>	<u>246,954</u>
Total assets less current liabilities		<u>368,135</u>	<u>350,616</u>
Non-current liabilities			
Other payables	13	36,909	36,725
Bank borrowings	14	23,067	23,674
Deferred tax liabilities		5,093	5,093
		<u>65,069</u>	<u>65,492</u>
NET ASSETS		<u>303,066</u>	<u>285,124</u>
CAPITAL AND RESERVES			
Share capital	15	49,928	49,928
Reserves		253,122	235,172
		<u>303,050</u>	<u>285,100</u>
Equity attributable to owners of the Company		16	24
Non-controlling interests			
TOTAL EQUITY		<u>303,066</u>	<u>285,124</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010 (unaudited)

	Attributable to owners of the Company					Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Surplus account HK\$'000	Fair value reserve HK\$'000	Accumulated losses HK\$'000		
At 1 April 2010	49,928	143,807	255,025	16,124	(179,784)	24	285,124
Total comprehensive income for the period	-	-	-	(3,307)	21,257	(8)	17,942
At 30 September 2010	<u>49,928</u>	<u>143,807</u>	<u>255,025</u>	<u>12,817</u>	<u>(158,527)</u>	<u>16</u>	<u>303,066</u>

For the six months ended 30 September 2009 (unaudited)

	Attributable to owners of the Company					Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Surplus account HK\$'000	Fair value reserve HK\$'000	Accumulated losses HK\$'000		
At 1 April 2009	49,928	143,807	255,025	12,354	(223,255)	18	237,877
Total comprehensive income for the period	-	-	-	6,793	38,233	6	45,032
At 30 September 2009	<u>49,928</u>	<u>143,807</u>	<u>255,025</u>	<u>19,147</u>	<u>(185,022)</u>	<u>24</u>	<u>282,909</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash generated from operations	2,978	3,467
Net cash generated from investing activities (Note)	142,719	58,698
Net cash used in financing activities	(501)	(501)
NET INCREASE IN CASH AND CASH EQUIVALENTS	145,196	61,664
Cash and cash equivalents at beginning of period	62,129	179,055
CASH AND CASH EQUIVALENTS AT END OF PERIOD	207,325	240,719
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	207,345	241,130
Bank overdrafts	(20)	(411)
	207,325	240,719

Note: Net cash generated from investing activities mainly comprises decrease in time deposits with maturity over 3 months due to shorten of term of time deposits upon renewal of matured time deposits.

Notes:

1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2010 are unaudited but have been reviewed by the Audit Committee.

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2010 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2010 except as stated in note 2 below.

2 Adoption of new and revised Hong Kong Financial Reporting Standards

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), "consolidated and separate financial statements", at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The new HKFRS has no material impact on how the results and financial positions for the current and prior periods have been prepared or presented. Accordingly, no prior period adjustments is required.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3 Segment information

The Group comprises the following main reportable segments:

- (i) Leasing of properties;
- (ii) Carpark management; and
- (iii) Loan financing.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 March 2010.

The Group's turnover and results therefrom for the period by operating segment is analysed as follows:

	Turnover		Reportable segment profit	
	six months ended		six months ended	
	30 September		30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Leasing of properties	855	903	805	848
Carpark management	3,130	2,870	469	180
Loan financing	35	1,364	25	1,345
	4,020	5,137	1,299	2,373
Unallocated other revenue			419	1,033
Gain on disposal of available-for-sale financial assets			1,513	6,210
Gain on disposal of subsidiaries			–	20,702
Surplus arising from revaluation of investment properties			21,720	11,260
Finance costs			(335)	(836)
Unallocated corporate expenses			(3,367)	(2,503)
Profit for the period			21,249	38,239

During the period, the Group has been operating principally in Hong Kong.

4 Other operating income

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	410	587
Exchange gains, net	10	46
Gain on disposal of available-for-sale financial assets	1,514	6,210
Others	–	400
	<u>1,934</u>	<u>7,243</u>

5 Profit before taxation

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation is arrived at after charging:		
(a) Staff cost		
Salaries, bonus and awards		
(including directors' emoluments)	1,123	1,029
Contributions to defined contribution plan	52	47
	<u>1,175</u>	<u>1,076</u>
(b) Other items		
Operating lease charges in respect of rented premises	2,020	2,071
and after crediting:		
Rental income, net of outgoings	1,776	1,526

6 Gain on disposal of subsidiaries

Six months
ended
30 September
2009
HK\$'000
(unaudited)

Net assets disposed of:	
Investment properties	77,743
Property, plant and equipment	2,929
Trade and other receivables	1,073
Cash at bank and on hand	46
Other payables and accrued charges	(7,498)
Amount due to a director	(15,500)
Bank borrowings	(35,792)
Tax liabilities	(106)
Deferred tax liabilities	(696)
Net assets disposed of	22,199
Gain on disposal	20,702
Total consideration	42,901

There was no contribution to the Group's operating results in respect of disposal of subsidiaries during the period of six months ended 30 September 2010.

7 Finance costs

Six months ended
30 September
2010 2009
HK\$'000 HK\$'000
(unaudited) (unaudited)

Interest expenses on:		
Bank borrowings wholly repayable within five years	15	–
Bank borrowings not wholly repayable within five years	136	136
Other borrowings	184	700
	335	836

8 Taxation

No provision for Hong Kong profits tax for the six months ended 30 September 2010 and 30 September 2009 as the Group did not generate any assessable profits arising in Hong Kong during the period.

9 Earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2010 is based on the profits attributable to owners of the Company of approximately HK\$21,257,000 (2009: HK\$38,233,000) divided by weighed average number of 499,276,680 shares (2009: 499,276,680 shares).

No diluted earnings per share is presented for the six months ended 30 September 2010 and 30 September 2009 as the Company did not have any dilutive potential ordinary shares.

10 Investment properties

HK\$'000

Fair value

At 1 April 2009 (audited)	58,840
Fair value adjustments	<u>21,140</u>
At 31 March 2010 and 1 April 2010 (audited)	79,980
Fair value adjustments	<u>21,720</u>
At 30 September 2010 (unaudited)	<u>101,700</u>

11 Available-for-sale financial assets

	As at	
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Available-for-sale equity securities listed in Hong Kong and stated at market value (Note)	<u>30,678</u>	<u>23,682</u>
Total	<u>30,678</u>	<u>23,682</u>

Note: The listed securities are measured at fair value based on quoted market prices.

12 Trade and other receivables

	As at	
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables (Note)	1,186	1,319
Loan receivables	–	5,000
Deposits and prepayments	580	779
Other receivables	1	–
Loan interest receivables	–	115
	1,767	7,213

Note: The Group maintains defined credit policies. Rental receivables from tenants and service income receivables from customers are payable on presentation of invoices. The aging analysis of trade receivables is as follows:

	As at	
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Current	217	–
0–30 days	295	307
31–90 days	562	492
Over 90 days	112	520
	1,186	1,319

13 Other payables and accrued charges

	As at	
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Accrued charges	1,473	1,717
Other payables – within one year (Note)	1	10
Deposits received	20	20
	1,494	1,747
Other payables – more than one year but not exceeding five years (Note)	36,909	36,725
	38,403	38,472

Note: The amount approximately HK\$36,909,000 (31 March 2010: HK\$36,725,000) is the outstanding balance of the consideration payable together with the accrued interests for the acquisition of a subsidiary of the Group. The consideration together with the interest thereon would be repayable on 31 December 2012 with interest charged at 1% per annum.

The creditor in respect of this unsecured other payable is the spouse of Mr. Choi Chiu Fai, Stanley, who was an executive director and the deputy chairman of the Company. Mr. Choi has resigned as executive director and the deputy chairman of the Company on 1 October 2010.

14 Bank borrowings

	As at	
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Bank loans, secured	24,252	24,753
Bank overdrafts, secured	20	537
	24,272	25,290
The borrowings are repayable as follows:		
Within one year or on demand	1,205	1,616
More than one year, but not exceeding two years	1,206	1,086
More than two years, but not exceeding five years	3,574	3,193
More than five years	18,287	19,395
	24,272	25,290
Less: Amount due within one year or on demand included in current liabilities	(1,205)	(1,616)
Amount due after one year	23,067	23,674

15 Share capital

	As at	
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Authorised:		
20,000,000,000 ordinary shares of HK\$0.1 each		
(31 March 2010: 20,000,000,000 ordinary shares of HK\$0.1 each)	2,000,000	2,000,000
Issued and fully paid:		
499,276,680 ordinary shares of HK\$0.1 each		
(31 March 2010: 499,276,680 ordinary shares of HK\$0.1 each)	49,928	49,928

16 Related party transactions

The Group had the following related party transactions during the six months ended 30 September 2010:

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses payable to a related party	184	–

The interest expenses were payable to the spouse of Mr. Choi Chiu Fai, Stanley, who was an executive director and the deputy chairman of the Company and was resigned on 1 October 2010.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2010, the Group was principally engaged in the business of property investment, provision of loan financing and leasing of car parking spaces.

Business prospect and review

For the six months ended 30 September 2010, the Group recorded a turnover of HK\$4,020,000 (2009: HK\$5,137,000), which was represented by the rental income of HK\$855,000, leasing of car parking spaces of HK\$3,130,000 and provision of loan financing of HK\$35,000. The Group recorded a profit attributable to owners of the Company of HK\$21,257,000 as compared with HK\$38,233,000 recorded for the last corresponding periods period in 2009.

During the period under review, the global economic condition, particularly in property and financial markets, has been turnaround recently and new opportunity has emerged. The Group experienced a sharp recovery, which was mainly derived from revaluation of investment properties.

The Group then will focus on its core businesses in properties investment, provision of loan financing and car park management, both continue to provide stable income stream for the Group. The management will continue monitoring and reviewing on the portfolio and make the best effort to maximize return for our shareholders. Under the optimistic business environment, the management will also explore more investment opportunities so as to enhance the value of the Company for the benefit of shareholders and the Group as a whole.

Liquidity and financial review

The Group has bank and cash balance (including time deposits) of approximately HK\$236,689,000 as at 30 September 2010 (31 March 2010: HK\$243,104,000). The Group's major liabilities are bank borrowings and other payables. The outstanding balance of bank borrowings at 30 September 2010, amounted to approximately HK\$24,272,000.

The Group's gearing level (total liabilities over equity attributable to the shareholders of the Company) was 0.22 (31 March 2010: 0.24) as at 30 September 2010. The bank borrowings outstanding as at 30 September 2010 are secured by a property held by the Group and denominated in Hong Kong dollar only. 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.

Contingent liabilities and capital commitments

As at 30 September 2010, the Group did not have any material contingent liabilities and capital commitments.

Employees

As at 30 September 2010, 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.

DIRECTORS' INTERESTS IN SHARES

Save as disclosed below, as at 30 September 2010, none of the directors, the chief executive and their associates of the Company had any interests and short positions in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules on the Stock Exchange.

Name of director	Long position/ Short position	Number of Ordinary Shares held	Percentage of the Company's issued share capital
As at 30 September 2010			
Mr. Shi Jian Ping	Long Position	97,000,000	19.43%
Mr. Choi Chiu Fai, Stanley (resigned on 1 October 2010)	Long Position	28,690,000	5.75%

SHARE OPTIONS

At a special general meeting held on 15 July 2002, the shareholders of the Company approved to terminate the old share option scheme and adopted the new share option scheme ("New Scheme") on 9 September 2002.

The primary purpose of the New Scheme is to provide incentives to directors and eligible employees and it remains in force for a period of 10 years commencing on 9 September 2002. Under the New Scheme, the directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for shares in the Company:

- (i) any employees, executives (including any executive directors but excluding any independent non-executive directors and non-executive directors), managers and consultants of the Company, any of its subsidiaries ("Subsidiaries") or any entity ("Invested Entity") in which any members of the Group holds an equity interest;
- (ii) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiaries or any Invested Entity;
- (iii) any suppliers of goods or services to any members of the Group or any Invested Entity;
- (iv) any customers of the Group or any Invested Entity;

- (v) any persons or entities that provide research, development or other technological support to the Group or any Invested Entity;
- (vi) any shareholders or any members of the Group or any Invested Entity or any holders of any securities issued by any members of the Group or any Invested Entity;
- (vii) any advisors (professional) or consultants to any area of business or business development of any members of the Group or any Invested Entity; and
- (viii) any joint venture partners or business alliances that co-operate with any members of the Group or any Invested Entity in any area of business operations or development.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 per option. Options may be exercised at any time from the date of offer of the share option to a date to be determined and notified by the directors or, in the absence of such determination, the earlier of the date on which the options lapse or the 10th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, and the nominal value of the Company shares.

There were no outstanding options granted under the New Scheme since its adoption and at the end of the period. In addition, there were no options granted to, or outstanding in respect of the old share option scheme at the balance sheet date.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30 September 2010, none of the directors of the Company had any personal interests in share options to subscribe for shares in the Company granted under the share option schemes of the Company.

No share options were granted to, or exercised by, any directors during the period.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors, or their spouses or children under the age of 18 had any rights to subscribe for securities of the Company or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS

In addition to the interests of directors under the heading "Directors' Interests in Shares" above, the substantial shareholders register maintained by the Company pursuant to section 336 of Part XV of the SFO discloses that the following shareholders had an interest representing 5% or more of the issued share capital of the Company as at 30 September 2010:

Long Positions

Name	Capacity	Number of shares	Approximate percentage of issued shares held
Shi Jian Ping (Note 1)	Beneficial owner	97,000,000	19.43
Regal Power Investments Limited (Note 1)	Beneficial owner	51,500,000	10.31
Billion Gain Development Limited (Note 2)	Beneficial owner	94,000,000	18.83
Joy Glory Limited (Note 3)	Beneficial owner	72,000,000	14.42
Lau Chi Yuen Joseph (Note 3)	Beneficial owner/ Interest of controlled corporation	77,000,000	15.42
Choi Chiu Fai, Stanley (Note 4)	Beneficial owner	28,690,000	5.75

Notes:

1. According to the Company's announcement dated 5 July 2010, on 29 June 2010, Mr. Shi Jian Ping ("Mr. Shi") entered into an agreement with Regal Power Investments Limited ("Regal Power") to acquire 97,000,000 Shares of the Company. After the Shares transfer, Mr. Shi and Regal Power each holds 97,000,000 Shares and 51,500,000 Shares of the Company respectively. However, as of 30 September 2010, the Shares transfer has not been effected. Mr. Shi is the Chairman and an executive director of the Company with effect from 8 July 2010. Regal Power is wholly and beneficially owned by Mr. Chan Yuen Ming.
2. Billion Gain Development Limited is wholly and beneficially owned by Ms. Beh Yong Shin who is also a director of Billion Gain Development Limited.
3. Joy Glory Limited is wholly and beneficially owned by Mr. Lau Chi Yuen, Joseph, who also holds 5,000,000 shares in person.
4. Mr. Choi Chiu Fai Stanley resigned as the deputy Chairman and an executive director of the Company on 1 October 2010.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 30 September 2010.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period.

CORPORATE GOVERNANCE

The Board has complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited, except for the following deviations.

CG Code Provision A4 states every director should be appointed for a specific term and 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 their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation. The Board considers that sufficient measures will be taken to ensure the corporate governance practice of the Company are not less than those in the CG Code.

CG Code Provision B.1.1 states that companies shall establish a remuneration committee with specific written 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS ("MODEL CODE")

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. The Company has made enquiries with the directors that they have complied with the Model Code throughout the period.

AUDIT COMMITTEE REVIEW

The audit committee of the Company comprises of three independent non-executive directors. The primary duties of the audit committee are review and advise on the accounting principles and practice adopted by the Group, auditing, financial reporting process and internal control system of the Group, including review of the Group's unaudited interim accounts for the six months ended 30 September 2010.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITE OF THE COMPANY AND OF THE STOCK EXCHANGE

The interim results announcement is published on the websites of the Company (www.hycomm-wireless.com) and the Stock Exchange. The interim report containing all the information required by the Listing Rules will be dispatched to shareholders and will be available at the above websites in late November 2010.

By Order of the Board
Shi Jian Ping
Chairman

Hong Kong, 26 November 2010

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