# 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 2011

The Board of Directors (the "Board") of HyComm Wireless Limited (the "Company") announces that the audited consolidated results for the year ended 31 March 2011 of the Company and its subsidiaries (collectively referred to as the "Group") together with the restated comparative figures for 2010, as follows:

**Consolidated Statement of Comprehensive Income**
*Year ended 31 March 2011*

| | *Notes* | **2011** *HK$'000* | 2010 *HK$'000* |
|---|---|---|---|
| Turnover | *2* | **8,241** | 9,531 |
| Revaluation gains on investment properties | | **31,720** | 21,140 |
| Other revenue | *3* | **1,359** | 1,797 |
| Other gains | *3* | **6,382** | 26,954 |
| Operating costs | | **(12,121)** | (9,438) |
| Profit from operations | | **35,581** | 49,984 |
| Finance costs | *4(a)* | **(651)** | (1,414) |
| Profit before taxation | *4* | **34,930** | 48,570 |
| Taxation | *5* | **(5,342)** | (5,093) |
| **Profit for the year** | | **29,588** | 43,477 |
| **Other comprehensive income/(loss) for the year** | | | |
| Available-for-sale financial assets: | | | |
| – Changes in fair value during the year | | **(6,545)** | 9,980 |
| – Realisation of change in fair value on disposal | | **(6,394)** | (6,210) |
| **Other comprehensive income/(loss) for the year, net of tax** | | **(12,939)** | 3,770 |
| **Total comprehensive income for the year** | | **16,649** | 47,247 |

* *For identification purposes only*

| | Notes | **2011** *HK$'000* | 2010 *HK$'000* |
|---|---|---|---|
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **29,578** | 43,471 |
| Non-controlling interests | | **10** | 6 |
| **Profit for the year** | | **29,588** | 43,477 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **16,639** | 47,241 |
| Non-controlling interests | | **10** | 6 |
| **Total comprehensive income for the year** | | **16,649** | 47,247 |
| **Earnings per share attributable to equity holders of the Company for the year (expressed in HK cents)** | | | |
| Basic earnings per share | *6* | **5.92** | 8.71 |
| Diluted earnings per share | *6* | **N/A** | N/A |

**Consolidated Statement of Financial Position**
*At 31 March 2011*

| | Notes | As at 31 March 2011 HK$'000 | As at 31 March 2010 (restated) HK$'000 | As at 1 April 2009 (restated) HK$'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investment properties | | **111,700** | 79,980 | 58,840 |
| Available-for-sale financial assets | | **15,668** | 23,682 | 33,412 |
| | | **127,368** | 103,662 | 92,252 |
| **Current assets** | | | | |
| Trade and other receivables | 7 | **1,368** | 7,213 | 17,322 |
| Time deposits with maturities over 3 months | | **–** | 180,438 | 39,537 |
| Cash and cash equivalents | | **245,969** | 62,666 | 139,803 |
| | | **247,337** | 250,317 | 196,662 |
| Assets classified as held for sale | | **–** | – | 85,291 |
| | | **247,337** | 250,317 | 281,953 |
| **Current liabilities** | | | | |
| Other payables and accrued charges | 8 | **1,661** | 1,747 | 50,689 |
| Bank borrowings | | **23,743** | 25,290 | 26,047 |
| | | **25,404** | 27,037 | 76,736 |
| Liabilities associated with assets classified as held for sale | | **–** | – | 59,592 |
| | | **25,404** | 27,037 | 136,328 |
| **Net current assets** | | **221,933** | 223,280 | 145,625 |
| **Total assets less current liabilities** | | **349,301** | 326,942 | 237,877 |

| | Notes | As at 31 March 2011 HK$'000 | As at 31 March 2010 (restated) HK$'000 | As at 1 April 2009 (restated) HK$'000 |
|---|---|---|---|---|
| **Non-current liabilities** | | | | |
| Other payables | *8* | **37,093** | 36,725 | – |
| Deferred tax liabilities | | **10,435** | 5,093 | – |
| | | **47,528** | 41,818 | – |
| **Net assets** | | **301,773** | 285,124 | 237,877 |
| **Capital and reserves** | | | | |
| Share capital | | **49,928** | 49,928 | 49,928 |
| Reserves | | **251,811** | 235,172 | 187,931 |
| **Total equity attributable to equity holders of the Company** | | **301,739** | 285,100 | 237,859 |
| **Non-controlling interests** | | **34** | 24 | 18 |
| **Total equity** | | **301,773** | 285,124 | 237,877 |

# Consolidated Statement of Changes in Equity
*Year ended 31 March 2011*

| | Share capital HK$'000 | Share premium HK$'000 | Surplus account HK$'000 | Fair value reserve HK$'000 | Accumulated losses HK$'000 | Total HK$'000 | Non-controlling interests HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2009** | 49,928 | 143,807 | 255,025 | 12,354 | (223,255) | 237,859 | 18 | 237,877 |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | – | – | – | – | 43,471 | 43,471 | 6 | 43,477 |
| **Other comprehensive income/(loss)** | | | | | | | | |
| Change in fair value of available-for-sale financial assets | – | – | – | 9,980 | – | 9,980 | – | 9,980 |
| Realisation of change in fair value of available-for-sale financial assets on disposal | – | – | – | (6,210) | – | (6,210) | – | (6,210) |
| Total other comprehensive income | – | – | – | 3,770 | – | 3,770 | – | 3,770 |
| **Total comprehensive income** | – | – | – | 3,770 | 43,471 | 47,241 | 6 | 47,247 |
| **Balance at 31 March 2010 and at 1 April 2010** | 49,928 | 143,807 | 255,025 | 16,124 | (179,784) | 285,100 | 24 | 285,124 |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | – | – | – | – | 29,578 | 29,578 | 10 | 29,588 |
| **Other comprehensive income/(loss)** | | | | | | | | |
| Change in fair value of available-for-sale financial assets | – | – | – | (6,545) | – | (6,545) | – | (6,545) |
| Realisation of change in fair value of available-for-sale financial assets on disposal | – | – | – | (6,394) | – | (6,394) | – | (6,394) |
| Total other comprehensive loss | – | – | – | (12,939) | – | (12,939) | – | (12,939) |
| **Total comprehensive income/(loss)** | – | – | – | (12,939) | 29,578 | 16,639 | 10 | 16,649 |
| **Balance at 31 March 2011** | 49,928 | 143,807 | 255,025 | 3,185 | (150,206) | 301,739 | 34 | 301,773 |

*Notes:*

**(1) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

The HKICPA has issued a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 2 (Amendment), Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
- HKFRS 3 (Revised), *Business Combinations*
- HKAS 27 (Amendment), *Consolidated and Separate Financial Statements*
- HK Interpretation 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
- Improvements to HKFRSs (2009)

The adoption of the new and revised HKFRSs has had no significant financial effect on the Group's financial statements, except for the following standards:

- HKFRS 3 (Revised) is applicable to reporting periods beginning on or after 1 July 2009 and is to be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The Group adopted the new standard for the acquisition of new subsidiaries during the year.

  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 statement of comprehensive income. 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.

- In November 2010 HKICPA issued Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*. The interpretation is effective immediately and is a clarification of an existing standard, HKAS 1 *Presentation of Financial Statements*. It sets out the conclusion reached by HKICPA that a term loan containing a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

  In order to comply with the requirements of Hong Kong Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 April 2009, with consequential reclassification adjustments to comparatives for the year ended 31 March 2010. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

**Effect of adoption of Hong Kong Interpretation 5 on the consolidated statement of financial position**

| | **As at 31 March 2011** | As at 31 March 2010 | As at 1 April 2009 |
|---|---|---|---|
| | ***HK$'000*** | *HK$'000* | *HK$'000* |
| Increase/(decrease) in | | | |
| **Current liabilities** | | | |
| Bank borrowings – due within one year | **23,661** | 23,674 | 24,683 |
| **Non-current liabilities** | | | |
| Bank borrowings – due after one year | **(23,661)** | (23,674) | (24,683) |

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

## (2) TURNOVER AND SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of the services provided. No operating segments have been aggregated to form the following three identified reportable segments:

- Carpark management: this segment mainly sub-leases carparks to generate rental income. Currently, the Group's carpark operations are located entirely in Hong Kong.

- Leasing of properties: this segment mainly leases residential premises to generate rental income and to gain from the appreciation in the property values on a long term lease. Currently, the Group's investment property portfolio is located entirely in Hong Kong.

- Loan financing: this segment provides lending to personal and corporate customers. Currently, the Group possesses a money lender license and its money lending business is mainly carried out in Hong Kong.

**(a) Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the bases set out below.

The measurement basis used for reporting segment results is adjusted profit before net finance costs, taxes, depreciation and amortisation (adjusted EBITDA). Items not specifically attributable to individual segments, such as gains on disposals of available-for-sale financial assets, surpluses on revaluations of investment properties and unallocated operating expenses are further adjusted and excluded from segment results.

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and other unallocated corporate assets. Segment liabilities include other payables and accrued charges attributable to the leasing of properties, carpark management and loan financing of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments by reference to sales generated and the expenses incurred by those segments.

| | **Leasing of properties** *HK$'000* | **Carpark management** *HK$'000* | **Loan financing** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| **2011** | | | | |
| **Reportable segment revenue** | | | | |
| Revenue from external customers | **1,683** | **6,349** | **209** | **8,241** |
| **Reportable segment profit (adjusted EBITDA)** | **862** | **18** | **155** | **1,035** |
| Interest income from bank deposits | **13** | **–** | **93** | **106** |
| Interest expense | **(284)** | **–** | **–** | **(284)** |
| Revaluation gains on investment properties | **31,720** | **–** | **–** | **31,720** |
| **Reportable segment assets** | | | | |
| Investment properties | **111,700** | **–** | **–** | **111,700** |
| Trade and other receivables | **427** | **579** | **4** | **1,010** |
| Cash at bank and on hand | **2,247** | **2,080** | **16,648** | **20,975** |
| **Reportable segment liabilities** | | | | |
| Other payables and accrued charges | **(71)** | **(71)** | **(22)** | **(164)** |
| Deferred tax liabilities | **(10,435)** | **–** | **–** | **(10,435)** |
| Bank borrowings | **(23,743)** | **–** | **–** | **(23,743)** |

| | Leasing of properties<br>*HK$'000* | Carpark management<br>*HK$'000* | Loan financing<br>*HK$'000* | Total<br>*HK$'000* |
|---|---|---|---|---|
| **2010** | | | | |
| **Reportable segment revenue** | | | | |
| Revenue from external customers | 1,809 | 5,981 | 1,741 | 9,531 |
| **Reportable segment profit/(loss) (adjusted EBITDA)** | (494) | (59) | 981 | 428 |
| Interest income from bank deposits | 18 | – | 79 | 97 |
| Interest expense | (272) | – | – | (272) |
| Revaluation gains on investment properties | 21,140 | – | – | 21,140 |
| **Reportable segment assets** | | | | |
| Investment properties | 79,980 | – | – | 79,980 |
| Trade and other receivables | 948 | 623 | 5,130 | 6,701 |
| Time deposits with maturities over 3 months | 2,503 | – | 859 | 3,362 |
| Cash at bank and on hand | 352 | 1,024 | 9,563 | 10,939 |
| **Reportable segment liabilities** | | | | |
| Other payables and accrued charges | (139) | (109) | (20) | (268) |
| Deferred tax liabilities | (5,093) | – | – | (5,093) |
| Bank borrowings | (25,290) | – | – | (25,290) |

**(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

| | **2011**<br>***HK$'000*** | 2010<br>*HK$'000* |
|---|---|---|
| **Revenue** | | |
| Reportable segment revenue | **8,241** | 9,531 |
| **Profit** | | |
| Reportable segment profit | **1,035** | 428 |
| Elimination of inter-segment expenses | **1,707** | 3,848 |
| Other revenue and net gains | **1,371** | 1,840 |
| Gain on disposal of subsidiaries | **–** | 20,701 |
| Revaluation gains on investment properties | **31,720** | 21,140 |
| Gains on disposals of available-for-sale financial asset | **6,370** | 6,210 |
| Finance costs | **(651)** | (1,414) |
| Unallocated operating expenses | **(6,622)** | (4,183) |
| Consolidated profit before taxation | **34,930** | 48,570 |

| | 2011 | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Assets** | | |
| Reportable segment assets | **133,685** | 100,982 |
| Unallocated assets | **241,020** | 252,997 |
| Consolidated total assets | **374,705** | 353,979 |
| **Liabilities** | | |
| Reportable segment liabilities | **(34,342)** | (30,651) |
| Unallocated liabilities | **(38,590)** | (38,204) |
| Consolidated total liabilities | **(72,932)** | (68,855) |

**(c) Geographic information**

The Group only operated in a single geographical location, that is, Hong Kong during the year. On this basis, no geographic segmental analysis is presented.

## (3) OTHER REVENUE AND OTHER GAINS

| | 2011 | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Other revenue** | | |
| Bank interest income | **1,284** | 1,196 |
| Other loan interest income | **–** | 401 |
| Interest income on financial assets not at fair value through profit or loss | **1,284** | 1,597 |
| Miscellaneous | **75** | 200 |
| | **1,359** | 1,797 |
| **Other gains** | | |
| Gains on disposals of available-for-sale investments | **6,370** | 6,210 |
| Gain on disposal of subsidiaries | **–** | 20,701 |
| Net gain on foreign exchange | **12** | 43 |
| | **6,382** | 26,954 |

During the year, the Group disposed of shares of companies which are listed in Hong Kong. The gains on such disposal amounted to HK$6,370,000.

## (4) PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| **(a) Finance costs** | | |
| Interest on: | | |
| Bank borrowings wholly repayable within five years | **18** | 22 |
| Bank borrowings not wholly repayable within five years | **266** | 250 |
| Other borrowings | **367** | 1,142 |
| Total interest expenses on financial liabilities not at fair value through profit or loss | **651** | 1,414 |
| **(b) Staff costs** | | |
| Salaries, bonuses and awards (including directors' emoluments) | **1,941** | 1,881 |
| Contributions to defined contribution plan | **89** | 86 |
| | **2,030** | 1,967 |
| **(c) Other items** | | |
| Auditors' remuneration | | |
| – Audit services | **531** | 420 |
| – Other services* | **1,999** | 7 |
| Operating lease charges in respect of rented premises | **4,114** | 3,832 |
| Rental income, net of outgoings | **(3,553)** | (3,589) |

* *The fee was paid to professional accountants other than KLC Kennic Lui & Co. Ltd.*

## (5) TAXATION

(a) Taxation in the consolidated statement of comprehensive income represents:

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Current tax – Hong Kong Profits Tax | | |
| Provision for the year | **–** | – |
| Deferred tax | | |
| Current year | **5,342** | 5,093 |
| | **5,342** | 5,093 |

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit before taxation | **34,930** | 48,570 |
| Notional tax on profit before taxation | **5,763** | 8,014 |
| Tax effect of non-deductible expenses | **344** | 527 |
| Tax effect of non-taxable revenue | **(1,522)** | (5,124) |
| Tax effect of unused tax losses not recognised | **760** | 10 |
| Tax effect of prior year tax losses utilised in the current year | **(3)** | (64) |
| Tax effect of prior year temporary differences recognised in the current year | **–** | (389) |
| Deferred tax under-provision in prior years | **–** | 2,119 |
| Tax charge for the year | **5,342** | 5,093 |

## (6) EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit attributable to equity holders of the Company | **29,578** | 43,471 |
| Weighted average number of ordinary shares in issue (thousands) | **499,277** | 499,277 |

### (b) Diluted

The diluted earnings per share is the same as the basic earnings per share for the years ended 31 March 2011 and 2010.

## (7) TRADE AND OTHER RECEIVABLES

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **749** | 1,319 |
| Loan receivables | **–** | 5,000 |
| Loan interest receivables | **–** | 115 |
| Loans and trade receivables | **749** | 6,434 |
| Deposits and prepayments | **619** | 779 |
| | **1,368** | 7,213 |

The aging analysis of trade receivables which are past due but not impaired is as follows:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **–** | – |
| Less than 1 month past due | **619** | 307 |
| 1 to 3 months past due | **130** | 492 |
| More than 3 months but less than 12 months past due | **–** | 520 |
| | **749** | 1,319 |
| | **749** | 1,319 |

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

The Group has established credit policies. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately HK$749,000 (2010: HK$1,319,000) which are past due as at the reporting date and for which the Group has not provided any impairment losses. Based on past experience of the Group, it is determined that no impairment allowance is necessary in respect of past due balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

## (8) OTHER PAYABLES AND ACCRUED CHARGES

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Accrued charges | **1,661** | 1,717 |
| Other payables – within one year *(Note)* | **–** | 10 |
| Deposits received | **–** | 20 |
| | **1,661** | 1,747 |
| Other payables – More than one year but not exceeding five years *(Note)* | **37,093** | 36,725 |
| Financial liabilities measured at amortised cost | **38,754** | 38,472 |

All of the other payables classified under current liabilities are expected to be settled within one year or are repayable on demand.

*Note:*

The amount of approximately HK$37,092,000 (2010: HK$36,725,000) is the outstanding balance of the consideration payable together with accrued interest for the acquisition of a subsidiary by the Group. The consideration payable together with the interest accrued thereon will be repaid on 31 December 2012. Therefore, the related payable balance has been accordingly classified as a non-current liability. The amount was subject to interest at the rate of 4% per annum before 31 December 2009 and at 1% per annum thereafter.

## (9) COMPARATIVE FIGURES

As a result of the application of HK (Int) 5, *Presentation of Financial Statements – Clarification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*, certain comparative figures have been restated or re-classified to conform to the current year presentation and to provide comparative amounts in respect of items disclosed for the first time in 2011. Further details of these developments are disclosed in note 1.

## (10) SUBSEQUENT EVENTS

On 17 June 2011, Classic Charter Limited ("Lender"), a subsidiary of the Company, entered into a loan facility with a borrower, pursuant to which the Lender has agreed to extend to the borrower a secured loan facility in the amount up to HK$20,000,000 for a term up to 4 months. Details of this transaction are disclosed in the Company's announcement dated 17 June 2011.

## DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: nil).

## REVIEW AND PROSPECTS

### Principal activities

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged 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 2011, the Group recorded turnover for the year of approximately HK$8.2 million (2010: HK$9.5 million) and a profit for the year of approximately HK$29.6 million (2010: HK$43.5 million). Profit for the year was mainly attributable to valuation gains on investment properties.

For year ended 31 March 2011, earnings per share amounted to HK5.92 cents, as compared with HK8.71 cents in the previous year. As at 31 March 2011, the Group's cash position amounted to HK$246.0 million (2010: HK$243.1 million) representing 81.51% (2010: 85.27%) of the equity attributable to equity holders of the Company of HK$301.8 million (2010: HK$285.1 million).

During the year under review, the Group was mainly engaged in the businesses of leasing of investment properties and car parking spaces and the provision of loan financing. The rental of car parking spaces and investment properties and interest income from loan financing continued to contribute and provide stable income stream to the Group. The Group recorded turnover of HK$8.2 million, which was represented by the businesses in leasing of properties, carpark management and loan financing for the amounts of HK$1.7 million, HK$6.3 million and HK$0.2 million respectively. The Group recorded a profit in the segments of leasing of investment properties, carpark management and loan financing of approximately HK$0.86 million, HK$0.02 million and HK$0.16 million respectively.

### Prospects

Looking forward to 2011, the recovery in the global economy is expected to continue, however, the existence of the pressures of inflation could bring uncertainties to the progress of the recovery. Management is, therefore, moving forward in a positive but cautious manner and will keep on refining its existing businesses and take a cautious and prudent approach in managing the Group's investments and businesses and in assessing new investment opportunities.

The Group has been striving to explore different business opportunities to further strengthen its investment portfolio, and management is endeavouring to explore ways to broaden the Group's income stream. The existing business of rental incomes from car parking spaces and investment properties and interest income on loan financing are expected to continue to provide stable income stream to the Group. The Directors consider that the aforesaid approach will maximise return to the shareholders of the Company.

**Liquidity, financial resources, pledge of assets and contingent liabilities**

As at 31 March 2011, bank and cash balances (including time deposits) maintained by the Group were HK$246.0 million (2010: HK$243.1 million), representing an increase of HK$2.9 million compared with the position as at 31 March 2010. It is believed that the Group has adequate cash resources to meet the normal working capital requirements and all commitments for future developments. The gearing of the Group, measured as total debts to total assets, was 19.5% (2010: 19.5%) as at 31 March 2011.

Most of the business transactions conducted by the Group were denominated in Hong Kong dollars. As at 31 March 2011, there were no outstanding forward contracts in foreign currencies committed by the Group that might involve it in significant foreign exchange risks and exposures.

As at 31 March 2011, investment properties of approximately HK$100 million (2010: HK$70 million) were pledged to secure the Group's bank borrowings.

As at 31 March 2011, other than disclosed above, the Group did not have any material contingent liabilities or capital commitment.

**Employees**

As at 31 March 2011, the Group had 10 staff. Employees and directors are remunerated based on individual contributions, industry practices and prevailing market conditions and in accordance with existing labour laws. In addition to basic salaries, employees and directors are rewarded with performance-related bonuses, other staff welfare benefits and also a share option scheme can be made available to certain staff of the Group at the discretion of the Board.

## 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 efforts 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 for the deviations set out below.

CG Code provision A.4 states that non-executive directors should be appointed for specific terms. All independent non-executive directors of the Company are appointed without any specific terms. 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 less than one-third) shall retire from office by rotation. 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 any benefits after due consideration of the size of the Group and the associated costs involved. Moreover, the Board conducts informal assessments of the individual director contributions so that no directors decide their own remuneration. Apart from basic salary, staff benefits include performance related bonuses and mandatory provident fund contributions 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 DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having made specific enquiries of all directors of the Company, they have confirmed that they complied with the 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 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 were no purchases, sales or redemptions 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. Kong Lingbiao, 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 the bye-laws of the Company, Mr. Kong Lingbiao, Mr. Ng Wai Hung and Mr. Jacobsen William Keith will retire from office at the 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, the auditing and financial reporting processes and internal control systems of the Group, including a review of the results for the year ended 31 March 2011. 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 COMPANY AND THE STOCK EXCHANGE

An annual report of the Company for the year ended 31 March 2011 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
**Kong Lingbiao**
*Chairman*

Hong Kong 21 June 2011