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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 2012

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 2012 together with comparative figures for the previous corresponding period are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2012	2011
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	4,164	4,338
Revaluation gain on investment properties		2,800	550
Other revenue	4	964	971
Other gains	4	–	995
Operating costs		(7,275)	(7,271)
Profit/(loss) from operations		653	(417)
Finance costs		–	(253)
Profit/(loss) before taxation	5	653	(670)
Taxation	7	–	–
Profit/(loss) for the period		653	(670)

* For identification purposes only

		Six months ended 30 September	
		2012	2011
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Other comprehensive income			
Available-for-sale financial assets:			
— Changes in fair value during the period		(2,195)	(7,408)
— Realisation of changes in fair value on disposal		—	(995)
Other comprehensive income for the period, net of tax		(2,195)	(8,403)
Total comprehensive income for the period		(1,542)	(9,073)
Profit/(loss) for the period attributable to:			
Owners of the Company		627	(683)
Non-controlling interests		26	13
Profit/(loss) for the period		653	(670)
Total comprehensive income for the period attributable to:			
Owners of the Company		(1,568)	(9,086)
Non-controlling interests		26	13
Total comprehensive income for the period		(1,542)	(9,073)
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share			
		8	
Basic		0.13	(0.14)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 September	31 March
		2012	2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(restated)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	127,800	125,000
Property, plant and equipment		131	51
Available-for-sale financial assets	10	5,133	7,329
		<u>133,064</u>	<u>132,380</u>
Current assets			
Trade and other receivables	11	12,229	15,742
Cash and cash equivalents		168,761	168,164
		<u>180,990</u>	<u>183,906</u>
Current liabilities			
Other payables and accrued charges	12	519	1,209
Net current assets		<u>180,471</u>	<u>182,697</u>
Total assets less current liabilities		<u>313,535</u>	<u>315,077</u>
Non-current liabilities			
Deferred tax liabilities		252	252
NET ASSETS		<u><u>313,283</u></u>	<u><u>314,825</u></u>
CAPITAL AND RESERVES			
Share capital	13	49,928	49,928
Reserves		263,267	264,835
Total equity attributable to owners of the Company		313,195	314,763
Non-controlling interests		88	62
TOTAL EQUITY		<u><u>313,283</u></u>	<u><u>314,825</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012 (unaudited)

	Attributable to owners of the Company					Non-	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	controlling interests HK\$'000	
At 1 April 2012	49,928	143,807	255,025	(4,368)	(142,033)	62	302,421
Change in accounting policy — adoption of HKAS 12 Amendment	—	—	—	—	12,404	—	12,404
At 1 April 2012, as restated	49,928	143,807	255,025	(4,368)	(129,629)	62	314,825
Total comprehensive income for the period	—	—	—	(2,195)	627	26	(1,542)
At 30 September 2012	<u>49,928</u>	<u>143,807</u>	<u>255,025</u>	<u>(6,563)</u>	<u>(129,002)</u>	<u>88</u>	<u>313,283</u>

For the six months ended 30 September 2011 (unaudited) (restated)

	Attributable to owners of the Company					Non-	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	controlling interests HK\$'000	
At 1 April 2011	49,928	143,807	255,025	3,185	(150,206)	34	301,773
Change in accounting policy — adoption of HKAS 12 Amendment	—	—	—	—	10,215	—	10,215
At 1 April 2011, as restated	49,928	143,807	255,025	3,185	(139,991)	34	311,988
Total comprehensive income for the period	—	—	—	(8,403)	(683)	13	(9,073)
At 30 September 2011	<u>49,928</u>	<u>143,807</u>	<u>255,025</u>	<u>(5,218)</u>	<u>(140,674)</u>	<u>47</u>	<u>302,915</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash used in operations	(288)	(20,145)
Net cash generated from/(used in) investing activities	885	(34,508)
Net cash used in financing activities	—	(507)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	597	(55,160)
Cash and cash equivalents at beginning of period	<u>168,164</u>	<u>245,969</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>168,761</u>	<u>190,809</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	<u>168,761</u>	<u>190,809</u>

Notes:

1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 September 2012 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 2012 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 2012 except as stated in note 2 below.

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2012, as described in those annual financial statements.

Change in accounting policy

In December 2010, the HKICPA amended HKAS 12, ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30 September 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totalling HK\$125,000,000 as of 1 April 2012. As required by the amendment, the Group has remeasured the deferred tax relating to the investment properties according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 31 March 2012 have been restated to reflect the change in accounting policy, as summarised below.

Effect on consolidated statement of financial position

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Decrease in deferred tax liabilities	12,404	12,404
Decrease in accumulated losses	12,404	12,404

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact to the Group.

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 2012.

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

	Turnover six months ended 30 September 2012 HK\$'000 (unaudited)		Reportable segment profit six months ended 30 September 2012 HK\$'000 (unaudited)	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Leasing of properties	98	780	(290)	610
Carpark management	3,352	3,267	462	439
Loan financing	714	291	650	260
	4,164	4,338	822	1,309
Unallocated other revenue			964	971
Gain on disposal of available-for-sale financial assets			–	995
Revaluation gain on investment properties			2,800	550
Finance costs			–	(253)
Unallocated corporate expenses			(3,933)	(4,242)
Profit/(loss) for the period			653	(670)

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

4 OTHER REVENUE AND OTHER GAINS

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other revenue		
Bank interest income	<u>964</u>	<u>971</u>
Other gains		
Gain on disposal of available-for-sale investments	<u>–</u>	<u>995</u>
	<u>964</u>	<u>995</u>

5 PROFIT/(LOSS) BEFORE TAXATION

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss) before taxation is arrived at after charging:		
(a) Staff cost		
Salaries, bonus and awards (including directors' emoluments)	<u>1,650</u>	<u>1,815</u>
Contributions to defined contribution plan	<u>56</u>	<u>76</u>
	<u>1,706</u>	<u>1,891</u>
(b) Other items		
Operating lease charges in respect of rented premises	<u>3,204</u>	<u>3,187</u>
and after crediting:		
Rental income, net of outgoings	<u>89</u>	<u>674</u>

6 FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on:		
Bank borrowings not wholly repayable within five years	<u>–</u>	<u>130</u>
Other borrowings	<u>–</u>	<u>123</u>
	<u>–</u>	<u>253</u>

7 TAXATION

No provision for Hong Kong profits tax for the six months ended 30 September 2012 and 30 September 2011 as the Group did not generate any assessable profits arising in Hong Kong during the period.

8 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2012 is based on the profit attributable to owners of the Company of approximately HK\$627,000 (2011: loss of HK\$683,000) divided by weighed average number of 499,276,680 shares (2011: 499,276,680 shares).

No diluted earnings/(loss) per share is presented for the six months ended 30 September 2012 and 30 September 2011 as the Company did not have any dilutive potential ordinary shares.

9 INVESTMENT PROPERTIES

	HK\$'000
Fair value	
At 1 April 2011 (audited)	111,700
Fair value adjustments	13,300
At 31 March 2012 and 1 April 2012 (audited)	125,000
Fair value adjustments	2,800
At 30 September 2012 (unaudited)	127,800

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Available-for-sale equity securities listed in Hong Kong and stated at market value (<i>Note</i>)	5,133	7,329

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

11 TRADE AND OTHER RECEIVABLES

	As at 30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Trade receivables (<i>Note (i)</i>)	1,856	1,346
Loan receivables (<i>Note (ii)</i>)	10,000	13,000
Deposits and prepayments	353	1,337
Loan interest receivables	20	59
	12,229	15,742

Notes:

- (i) The Group maintains defined credit policies. Rental receivables from tenants are payable on presentation of invoices. The aging analysis of trade receivables is as follows:

	As at 30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Current	–	–
0–30 days	564	555
31–90 days	1,135	791
91–180 days	157	–
	<u>1,856</u>	<u>1,346</u>

- (ii) Pursuant to a loan agreement dated 10 August 2012, the Group granted to the borrower a loan facility secured by first legal charge on a residential property situated in Hong Kong and personal guarantee of a director of the borrower. The carrying amount of the loan is HK\$10,000,000 as at 30 September 2012.

12 OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Accrued charges	475	1,165
Other payables	11	11
Deposits received	33	33
	<u>519</u>	<u>1,209</u>

13 SHARE CAPITAL

	As at 30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Authorised:		
20,000,000,000 ordinary shares of HK\$0.1 each (31 March 2012: 20,000,000,000 ordinary shares of HK\$0.1 each)	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
499,276,680 ordinary shares of HK\$0.1 each (31 March 2012: 499,276,680 ordinary shares of HK\$0.1 each)	<u>49,928</u>	<u>49,928</u>

14 FINANCIAL RISK MANAGEMENT

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2012.

There have been no changes in the risk management policies since year end.

(a) Credit risk

The maximum exposure to credit risk, without taking account of any collateral held, is represented by the carrying amount of each financial asset in the station of financial position after deducting any impairment allowances.

(b) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash flow for financial liabilities.

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits. These deposits bear interest at variable rates expose the Group to cash flow interest rate risk. Compared to year end, there was no material changes in the Group's interest rate profile.

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale financial assets.

(e) Fair values

There were no transfers between levels of the fair value hierarchy used in measuring fair value of financial instruments during the six months ended 30 September 2012.

During the six months ended 30 September 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

During the six months ended 30 September 2012, there were no reclassification of financial assets.

15 SUBSEQUENT EVENT

To enhance the investment portfolio of the Group, companies owned by the Group and an independent third party as to 50% each (the "Joint Owned Companies") were formed on November 2012 to participate in property investment in Hong Kong. The Group will contribute of approximately HK\$12.4 million to the Joint Owned Companies, representing 50% of the total investment of the Joint Owned Companies.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2012, 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 2012, the Group recorded a turnover of HK\$4,164,000 (2011: HK\$4,338,000), which was represented by the rental income of HK\$98,000, leasing of car parking spaces of HK\$3,352,000 and provision of loan financing of HK\$714,000. The Group recorded a profit attributable to owners of the Company of HK\$627,000 as compared with loss of HK\$683,000 recorded for the last corresponding period in 2011.

During the period under review, the global financial instability and economic recession has generally affected the business environment in Hong Kong. In order to minimise the adverse effect on our businesses, the Group will continue to focus on and to pay efforts to expand its existing principal businesses of leasing of properties, carpark management and loan financing, which all provided a stable income stream to the Group.

Meanwhile the Group will also continue to seek and to evaluate other business opportunities so as to expand and to diversify its investment portfolio for strengthening and broadening its income base and generating greater value to the shareholders. The Directors are optimistic about the future business development of the Group and will continue to implement well-established strategies to enhance the Company's value and to bring outstanding return to the shareholders.

Liquidity and financial review

The Group has bank and cash balance (including time deposits) of approximately HK\$168,761,000 as at 30 September 2012 (31 March 2012: HK\$168,164,000).

The Group's gearing level (total debts to total assets) was 0.2% (31 March 2012: 0.5%) as at 30 September 2012. 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 2012, the Group did not have any material contingent liabilities and capital commitments.

Employees

As at 30 September 2012, the Group had 11 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 2012, 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.

As at 30 September 2012

Name of director	Long position/ Short position	Number of Ordinary Shares held	Percentage of the Company's issued share capital
Mr. Kong Lingbiao	Long Position	60,000,000	12.02%

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 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 2012, 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 2012:

Long Positions

Name	Capacity	Number of shares	Approximate percentage of issued shares held
Billion Gain Development Limited (<i>Note 1</i>)	Beneficial owner	94,000,000	18.83
Regal Power Investments Limited (<i>Note 2</i>)	Beneficial owner	88,500,000	17.72
Solar Fortune Investments Limited (<i>Note 3</i>)	Beneficial owner	60,000,000	12.02
Joy Glory Limited (<i>Note 4</i>)	Beneficial owner	42,000,000	8.41

Notes:

1. Billion Gain Development Limited is wholly and beneficially owned by Ms. Beh Yong Shin who is also a director of Billion Gain Development Limited.
2. Regal Power Investments Limited is wholly and beneficially owned by Mr. Chan Yuen Ming, who is also a director of Regal Power Investments Limited.
3. Solar Fortune Investments Limited is wholly and beneficially owned by Mr. Kong Lingbiao, who is a director of Solar Fortune Investments Limited and the chairman and an executive director of the Company.
4. Joy Glory Limited is wholly and beneficially owned by Mr. Lau Chi Yuen, Joseph.

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 2012.

CORPORATE GOVERNANCE

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.4.1 stipulated 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 A.6.7 stipulated that the independent non-executive directors and other non-executive directors should attend general meetings. Three independent non-executive Directors were absent from the annual general meeting of the Company held on 20 August 2012 (the “AGM”) due to their other important engagements.

CG Code provision E.1.2 stipulated that the chairman of the board should attend the annual general meeting. The Chairman of the Board was absent from the AGM due to his other commitments. However other Directors attended the AGM with the presence of the auditors of the Company to answer questions about the conduct of the audit, the preparation and content of the auditors’ report, the accounting policies and auditor independence.

To ensure compliance with the CG Code in the future, the Company will arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule that all Directors (including the Chairman) can attend the general meetings.

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 period under review.

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 six months ended 30 September 2012.

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 the internal control systems of the Group, including a review of the results for the period ended 30 September 2012. 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 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 due course.

By Order of the Board
Kong Lingbiao
Chairman

Hong Kong, 26 November 2012

As at the date thereof, the executive directors of the Company are Mr. Kong Lingbiao, 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.