

# HyComm Wireless Limited

## (11) Related party transactions *(continued)*

*Note:—*

- a. Plotio Investment (HK) Limited, Plotio Property and Management Company Limited, Plotio Property Consultants Limited, Keung Kee Cleaning Services Company Limited, Lee Wai Engineering Company Limited and Monchase Underwriters Limited are companies beneficially held by Mr. Lai Yiu Keung, executive director of the Company.
- b. King Alliance Limited is an associated company of the Group.
- c. T.K. Tsui & Associates is company directly held by Mr. Tsui Tack Kong, non-executive director of the Company.

## (12) Comparative figures

Certain comparative figures have been reclassified to conform with current period's presentation.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2002 (2001: nil).

## BUSINESS REVIEW AND PROSPECTS

During the six months ended 30 September 2002, the Group was principally engaged in the business of property investment and trading of communication products. The Group recorded turnover for the period of approximately HK\$4.8 million and net loss for the period of approximately HK\$10.4 million. Net loss for the period is mainly attributable to amortisation of goodwill during the period under review.

### Business review

During the period under review, the decrease in turnover by about HK\$31 million is mainly attributable to the income related to property related services and certain property development projects contributing to the Group up to 30 June 2001 but no such contribution for the period. The decrease in loss for the period by about HK\$22 million was due to impairment loss and loss on disposal of subsidiaries for six months ended 30 September 2001 did not occurred this period. The investment properties have continued to contribute the most to the Group and the Group's properties under development were still in a very preliminary stage.

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The Group's previous investments in Hycomm Technology Incorporated, Codebank Limited (trading suspended since 14 May 2002. GEM stock code: 8162), CyberLiving Holdings Limited (listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange")) by means of Inno-Tech Holdings Limited in August 2002. GEM stock code: 8202) and Mobidog Inc. are retained as long-term investments.

On 20 March 2002, an indirect wholly owned subsidiary of the Company entered into an agreement with certain vendors and warrantors to acquire 20% of the issued share capital in Megacom Holdings Limited ("Megacom") by issue of consideration shares of 200,000,000 new shares of the Company with other terms disclosed in the Company's announcement dated 20 March 2002. Megacom group is principally engaged in the advertising business in the PRC covering the design, production, placing and publication of advertisements.

On 28 May 2002, the Company entered into an agreement with certain vendors and warrantors to acquire about 37.04% of the issued share capital in Tekson International Telecom Limited ("Tekson") by issue of consideration shares of 400,000,000 new shares of the Company and others terms of this transaction have been disclosed in the Company's announcement dated 31 May 2002. Tekson group is principally engaged in the provision of support services to Guangdong Tekson Industry Co., Ltd. in respect of short message system business.

On 16 November 2002, the Company entered into an agreement with certain vendors and warrantors to acquire the entire issued share capital in Cyberware Communications Limited ("Cyberware") and the interest free shareholders' loan due from Cyberware to the vendors by issue of consideration shares of 340,000,000 new shares of the Company and cash of HK\$24 million. The others terms of this transaction have been disclosed in the Company's announcement dated 19 November 2002. Cyberware group is principally engaged in the provision of operating system for personal digital assistants and will be engaged in the Netphone business. This transaction has not yet completed at the date of this announcement.

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

The Group has bank and cash balance of approximately HK\$202,000 as at 30 September 2002. The Group's bank borrowings outstanding at 30 September 2002 amounted to approximately HK\$111 million, representing a decrease of approximately HK\$3 million as compared with the amounts outstanding at 31 March 2002. During the period, there is no material change in the level of borrowings of the Group and its gearing level changed from 1.15 at 31 March 2002 to 0.77 at 30 September 2002. The borrowings outstanding at 30 September 2002 is secured by certain properties held by the Group and denominated in Hong Kong dollar only. As at 30

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September 2002, the Group has no material contingent liability. 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.

### **Placing of new shares under general mandate**

On 18 December 2002, the Company entered into a placing agreement with Mayfair Securities Limited for placing of 200,000,000 new shares of the Company at issue price of HK\$0.13 per share. The net proceeds amounting to about HK\$25 million will be used (i) for payment of cash consideration payable in the amount of HK\$24 million as mentioned above; and (ii) additional working capital of the Company. The placing has not yet completed at the date of this announcement.

### **Employee**

As at 30 September 2002, the Group employed 15 staff in Hong Kong. In addition to basic salary, employees 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 discretionary of the Directors.

### **Prospects**

Gradual shift of its business strategy from property investment and development to technology-related and communication businesses allows the Group to focus its resources on technology-related and communication businesses in an attempt to broaden its earning base and catch new opportunities in the long run. By adopting a prudent approach in its new business development and financial strategy, the Group hopes to take advantage of new business opportunities with strong market momentum and potential. We believe our new business strategy will bring to the shareholders greater value created from the new business in the long run.

## **DIRECTORS' INTERESTS IN SHARE CAPITAL**

As at 30 September 2002, the interests of directors and their associates in the share capital of the Company or any of its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:–