SINCE 1983

MOBICON GROUP LIMITED
萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2012

The Board of Directors (the "Directors") of Mobicon Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2012 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2012

	Note	**2012** *HK$'000*	2011 *HK$'000*
Revenue	2	**588,628**	739,832
Cost of sales		**(481,486)**	(615,724)
Gross profit		**107,142**	124,108
Other income	3	**2,173**	2,434
Distribution and selling expenses		**(38,472)**	(42,555)
General and administrative expenses		**(63,242)**	(63,761)
Operating profit	4	**7,601**	20,226
Finance costs	5	**(991)**	(1,200)
Share of losses of associates		**(53)**	(62)
Profit before income tax		**6,557**	18,964
Income tax expense	6	**(2,593)**	(4,290)
Profit for the year		**3,964**	14,674
Other comprehensive income			
Currency translation differences:			
– Subsidiaries		**(4,372)**	2,800
– Associates		**(12)**	(2)
Total comprehensive (loss)/income		**(420)**	17,472
Profit attributable to:			
Equity holders of the Company		**743**	11,591
Non-controlling interests		**3,221**	3,083
		3,964	14,674
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,839)**	13,012
Non-controlling interests		**1,419**	4,460
		(420)	17,472
Earnings per share for profit attributable to the equity holders of the Company during the year			
– Basic and diluted	7	**HK0.37 cent**	HK5.80 cents

Details of dividends are disclosed in Note 8 to the final results announcement.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**12,829**	13,400
Intangible assets		**–**	–
Investments in associates		**1,079**	1,013
		13,908	14,413
Current assets			
Inventories		**173,230**	178,173
Trade receivables	9	**67,074**	71,752
Other receivables		**7,361**	7,768
Current income tax recoverable		**1,771**	1,848
Cash and bank balances		**39,249**	42,413
		288,685	301,954
Total assets		**302,593**	316,367
Current liabilities			
Trade payables	10	**41,383**	43,920
Other payables		**36,283**	25,596
Short-term bank loans		**45,326**	53,382
Current income tax liabilities		**606**	2,168
		123,598	125,066
Net current assets		**165,087**	176,888
Total assets less current liabilities		**178,995**	191,301
Non-current liabilities			
Deferred income tax liabilities		**48**	246
Net assets		**178,947**	191,055
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**142,655**	150,619
		162,655	170,619
Non-controlling interests		**16,292**	20,436
Total equity		**178,947**	191,055

NOTES TO THE FINAL RESULTS ANNOUNCEMENT

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention.

Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group:*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st April 2011 but do not have a material impact on the Group:

HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvements Project	Third annual improvements projects (2010) published in May 2010

(b) *The following new and amended standards have been issued but are not effective for the financial year beginning 1st April 2011 and have not been early adopted:*

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendment)	Government Loans[4]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Changes effective for annual periods beginning on or after 1st July 2011
[2] Changes effective for annual periods beginning on or after 1st January 2012
[3] Changes effective for annual periods beginning on or after 1st July 2012
[4] Changes effective for annual periods beginning on or after 1st January 2013
[5] Changes effective for annual periods beginning on or after 1st January 2014
[6] Changes effective for annual periods beginning on or after 1st January 2015

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

2. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**454,685**	574,858
Sales of computer products and mobile accessories and service income	**133,943**	164,974
	588,628	739,832

The chief operating decision-maker has been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors have reviewed the Group's internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. The Executive Directors have further considered the business from product perspective and have assessed the performance of two main business segments: (i) Electronic Trading Business – Distribution of electronic components, automation parts and equipment; and (ii) Computer Business – Retail sales of computer products and mobile accessories, distribution of computer products and provision of IT outsourcing and solution services.

The Executive Directors have assessed the performance of the operating segments based on segment results before corporate expenses, finance costs and share of losses of associates.

The segment results for the year ended 31st March 2012 are as follows:

	Electronic Trading Business	**Computer Business**	**Unallocated**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue	**454,685**	**133,943**	**–**	**588,628**
Segment results	**7,410**	**(158)**	**349**	**7,601**
Interest expenses	**–**	**–**	**(991)**	**(991)**
Share of losses of associates	**(90)**	**37**	**–**	**(53)**
Profit before income tax				**6,557**
Income tax expense				**(2,593)**
Profit for the year				**3,964**

The segment results for the year ended 31st March 2011 are as follows:

	Electronic Trading Business	Computer Business	Unallocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	574,858	164,974	–	739,832
Segment results	20,433	(1,008)	801	20,226
Interest expenses	–	–	(1,200)	(1,200)
Share of losses of associates	(6)	(56)	–	(62)
Profit before income tax				18,964
Income tax expense				(4,290)
Profit for the year				14,674

The Group's revenue is generated mainly within Hong Kong, Asia Pacific, South Africa and Europe.

	2012	2011
	HK$'000	*HK$'000*
Revenue (country of domicile)		
Hong Kong	**326,256**	427,478
Asia Pacific	**179,054**	225,469
South Africa	**70,818**	61,098
Europe	**3,222**	10,059
Other countries	**9,278**	15,728
	588,628	739,832

Revenue is allocated based on the country in which the customer is located.

3. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Management fee from an associate	**96**	96
Management fee from third parties	**1,373**	1,374
Service fee from an associate	**12**	12
Commission income	**102**	35
Interest income from bank deposits	**165**	412
Interest income from an associate	**67**	49
Other income	**358**	456
	2,173	2,434

4. EXPENSES BY NATURE

	2012	2011
	HK$'000	*HK$'000*
Costs of inventories expensed	**481,486**	615,724
Employee benefit expense	**61,045**	62,976
Depreciation of owned property, plant and equipment	**1,818**	1,988
Provision for impairment of trade receivables (included in general and administrative expenses)	**134**	2,939
(Reversal of provision)/provision for slow-moving inventories (included in cost of sales)	**(3,125)**	3,152
Operating lease rentals in respect of rented premises	**11,789**	12,378
Auditors' remuneration	**1,050**	950
Gain on disposal of property, plant and equipment	**(62)**	(63)
Net foreign exchange losses/(gains)	**42**	(1,883)

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest expense on short-term bank loans, wholly repayable within one year	**991**	1,200

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012	2011
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**110**	1,643
– Overseas taxation	**2,792**	2,721
– Over provision in prior years	**(114)**	(143)
Deferred income tax	**(195)**	69
Income tax expense	**2,593**	4,290

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2012	2011
	HK$'000	*HK$'000*
Profit before income tax	**6,557**	18,964
Tax calculated at Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**1,082**	3,129
Effect of different tax rates of subsidiaries operating in other countries	**998**	979
Tax losses of subsidiaries not recognized	**216**	189
Utilization of previously unrecognized tax losses	**(138)**	(221)
Over provision in prior years	**(114)**	(143)
Others	**549**	357
Income tax expense	**2,593**	4,290

As the Company is an exempted company incorporated in Bermuda, it is exempted from taxation in Bermuda until 2016.

Mobicon Electronic Trading (Shenzhen) Limited ("MET"), being a foreign investment enterprise established in the free trade zone of Futian, Shenzhen, the People's Republic of China (the "PRC"), and with a financial year end date falling on 31st December, is subject to PRC enterprise income tax at the rate of 25%. No provision for PRC enterprise income tax has been made as MET is still in a tax loss position. MET is entitled to exemption from PRC enterprise income tax for the first two profitable years commencing from the year ended 31st December 2008 and a 50% reduction from normal PRC enterprise income tax for the following three years.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31st March 2012 is based on the Group's profit attributable to equity holders of the Company of approximately HK$743,000 (2011: HK$11,591,000) and on the weighted average number of 200,000,000 (2011: 200,000,000) ordinary shares in issue during the year.

There is no diluted earnings per share since the Company has no dilutive potential ordinary shares in issue during the years ended 31st March 2012 and 2011.

8. DIVIDENDS

	2012 *HK$'000*	2011 *HK$'000*
Interim dividend paid of HK1 cent (2011: HK1.5 cents) per ordinary share	**2,000**	3,000
Proposed final dividend of HK1 cent (2011: HK2 cents) per ordinary share	**2,000**	4,000
	4,000	7,000

At a meeting held on 24th June 2011, the directors of the Company proposed a final dividend of HK2 cents per ordinary share in respect of the year ended 31st March 2011.

At a meeting held on 22nd June 2012, the directors of the Company proposed a final dividend of HK1 cent per ordinary share in respect of the year ended 31st March 2012. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ended 31st March 2012.

9. TRADE RECEIVABLES

The Group normally grants to its customers credit periods for sales of goods ranging from 7 to 90 days. The aging analysis of the trade receivables is as follows:

	2012 *HK$'000*	2011 *HK$'000*
0 to 60 days	**61,284**	64,377
61 to 120 days	**4,108**	5,130
121 to 180 days	**1,109**	851
181 to 365 days	**1,593**	2,937
Trade receivables	**68,094**	73,295
Less: provision for impairment of trade receivables	**(1,020)**	(1,543)
	67,074	71,752

The maximum exposure to credit risk at the reporting date is the fair values of trade receivables. The Group does not hold any collateral as security in respect of its trade receivables.

As at 31st March 2012, trade receivables of approximately HK$33,184,000 (2011: HK$32,382,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2012 *HK$'000*	2011 *HK$'000*
0 to 60 days	**29,232**	26,538
61 to 120 days	**2,536**	3,553
121 to 180 days	**910**	624
181 to 365 days	**506**	1,667
	33,184	32,382

As at 31st March 2012, trade receivables of approximately HK$567,000 (2011: HK$1,030,000) have been assigned to a bank with recourse as collateral under a factoring arrangement.

As at 31st March 2012, trade receivables of approximately HK$1,020,000 (2011: HK$1,543,000) were impaired. The amount of the provision was approximately HK$1,020,000 as at 31st March 2012 (2011: HK$1,543,000). The individually impaired receivables mainly relate to a few customers which are in unexpected financial difficulty.

Movements on the provision for impairment of trade receivables are as follows:

	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**1,543**	4,524
Receivables written off as uncollectible	**(624)**	(5,796)
Provision for impairment of trade receivables	**134**	2,939
Exchange differences	**(33)**	(124)
At the end of the year	**1,020**	1,543

10. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days	**39,857**	41,389
61 to 120 days	**633**	1,230
121 to 180 days	**86**	(169)
181 to 365 days	**807**	1,470
	41,383	43,920

FINANCIAL RESULTS

The prolonged European sovereign debt crisis and sluggish recovery of US economy have brought impact to the Company and its subsidiaries (the "Group"). For the financial year ended 31st March 2012, the Group recorded a turnover of around HK$589 million, which decreased about 20.4% from approximately HK$740 million in the previous year. Gross profit dropped by about 13.7% to around HK$107 million from approximately HK$124 million last year, while the gross profit margin slightly increased by approximately 1.4% from about 16.8% last year to around 18.2%. The Group's operating profit amounted to approximately HK$8 million (31st March 2011: approximately HK$20 million), and the profit attributable to shareholders was approximately HK$0.7 million (31st March 2011: approximately HK$11.6 million). This represented earnings per share of around HK$0.004 (about HK$0.06 as at 31st March 2011). The Board has resolved that subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, a final dividend of HK1 cent per ordinary share shall be declared for the year ended 31st March 2012, totalling HK$2 million to the shareholders whose names appeared on the register of members of the Company on 9th August 2012. The final dividend, if approved, is expected to be paid on 20th August 2012.

During the year under review, the Group continued to develop its two core business lines, namely (1) the distribution of electronic components, automation parts and equipment under the service brand of MOBICON (the "Electronic Trading Business") and (2) computer related business (the "Computer Business") which includes (i) the retail sales of computer products and mobile accessories under the retail brand of VideoCom (the "Computer Retail Business"), (ii) the distribution on computer products under the brand of APower (the "Computer Distribution Business") and (iii) the provision of IT outsourcing and solution services to small and medium enterprises in Hong Kong (the "IT Outsourcing Services"). The Group's turnover from the Electronic Trading Business during the year under review was recorded as about HK$455 million, which represented a decrease of approximately 20.9% when comparing with that of approximately HK$575 million in the previous year, while turnover from the Computer Business decreased approximately 18.8% to about HK$134 million from about HK$165 million in the previous year.

For the year ended 31st March 2012, the Group's total operating expenses further decreased by approximately 3.8% to around HK$102 million (31st March 2011: about HK$106 million), among which the distribution and selling expenses decreased by 11.6% from HK$43 million last year to HK$38 million. The decrease was mainly attributable to the reduction of sales related costs as a result of decline in sales. As the Group continuously controlled the headcount which accounted for large proportion of the Group's operating cost, the general and administrative expenses were kept around HK$63 million (31st March 2011: about HK$64 million) through the achievement of stringent cost saving measures in the past periods. During the year under review, the Group's headcount was reduced by about 3.3% from 427 full-time employees last year to 413 full-time employees. The Group has optimized the human resources by reallocating supporting staff to front line, so as to explore more business opportunity. Finance cost for the year decreased by about 16.7% to approximately HK$1 million (31st March 2011: about HK$1.2 million).

During the year under review, the Group's inventory maintained at a high level of approximately HK$173 million (31st March 2011: about HK$178 million) despite of the drop in turnover. Some manufacturing customers have postponed the goods delivery schedule due to the depressed economic environment caused by the European sovereign debt crisis. However, the Group has committed to keep the usual buffer stock for them once their production capacity of these factories have been restored to almost the pre-tsunami levels. Besides, there were pressure from the major suppliers requesting the Group to place constant purchase orders under the distributorship agreements signed previously disregard of the economic slowdown experienced in the year. Additionally, the Group's subsidiary in South Africa have entered new markets such as solar panels, solar regulators and full range of power supply products, where the investment in such inventory has been absolutely necessary. Generally speaking, this strategic inventory holding has proven to deliver good results, to be effective, sustainable and with the effect of also minimizing our exposure to market volatility, as proven in the past.

BUSINESS REVIEW

During the year under review, the Group's continued to focus on its two core business operations, namely: (1) the distribution of electronic components, automation parts and equipment under the service brand of MOBICON Electronic Components (the "Electronic Trading Business"); and (2) computer related business (the "Computer Business") which includes (i) the retail sales of computer products and mobile accessories under the retail brand of VideoCom (the "Computer Retail Business"), (ii) the distribution on computer products under the brand of APower Holdings Ltd. (the "Computer Distribution Business") and (iii) the provision of IT outsourcing and solution services to small and medium enterprises in Hong Kong (the "IT Outsourcing Services"). The Electronic Trading Business and the Computer Business accounted for about 77% and 23% of the Group's total turnover for the fiscal year ended 31st March 2012 respectively.

By analysis on the two core business operations, the gross profit margin of the Electronic Trading Business and the Computer Business slightly increased to around 19.4% and 14.2% respectively (31st March 2011: about 18.2% and about 12% respectively).

Electronic Trading Business

Hong Kong

For the year ended 31st March 2012, turnover of the Group's Electronic Trading Business was approximately HK$455 million, which decreased about 20.9% from approximately HK$575 million for the last year.

Because of the bearish American and European markets, consumption of consumer electronic products was weak. Meanwhile, enterprises were conservative in new products development and business expansion due to economic uncertainty.

In 2011, there were natural disasters in Asia. The earthquake and nuclear disaster in Japan have broken the supply chain of various critical components, which in turn led to shortage of components worldwide, manufacturers were forced to postpone their production which inevitable reduced the demand of other components used in production. The flooding in Thailand, one of the key production areas of auto parts, has disrupted the supply of some auto parts in market. In this circumstance, the Group's business was eventually affected.

On the other hand, by entering into an agency agreement with Panasonic Electric Works (Hong Kong) Co. Ltd., it allowed the Group further expanded the customer base from the market of industrial control and Japan Original Equipment Manufacturer (OEM). Therefore the influence of uncertain global economic indicators to the Group can be alleviated.

In the meantime, the Group has also entered into an agency agreement with Precaster Enterprises Co., Limited (provider of surveying instrument) during the year under review.

Overseas

During the year under review, the business of the Group's overseas subsidiaries recorded a turnover of approximately HK$138 million, representing a decrease of about 17.4% when compared with that of approximately HK$167 million for the last year. Although there was drop in the turnover from the Group's overseas subsidiaries, the turnover from the Group's South Africa subsidiary recorded a significant increase of about 16.7% to approximately HK70 million from HK$60 million in last year. It was contributed by the provision of power supply and batteries products that acquired the demand of industrial, medical and automation market.

In terms of geographical segments, the contributions of Hong Kong, the Asia-Pacific region (other than Hong Kong), South Africa, Europe and other regions, accounted for 55%, 30%, 12%, 1% and 2% respectively of the Group's total turnover during the year under review.

Computer Business

Computer Retail Business

The Computer Retail Business, mainly the operation of the products under the brand of VideoCom, recorded a turnover of approximately HK$23 million for the year ended 31st March 2012 (for the year ended 31st March 2011: about HK$28 million), which represented a loss of around HK$3.5 million (for the year ended 31st March 2011: about HK$3.5 million). Implementation of the Minimum Wage Ordinance and increase in the rental cost have aggravated the operation cost of the Group's Computer Retail Business. To ease the increment, the Group has adjusted the retail price to alleviate the effect.

Computer Distribution Business

For the year ended 31st March 2012, turnover of APower Holdings Limited, a subsidiary of the Group carrying on the Computer Distribution Business, was about HK$96 million, representing a drop of about 19.3% from about HK$119 million in previous year. During the year under review, drop in price of flash memory card has worsened the performance of the Computer Distribution Business, as it is the principal business of APower Holdings Limited. Nevertheless, the gross profit margin of APower Holdings Limited was improved, which was recorded as about 10% for the year ended 31st March 2012 (for the year ended 31st March 2011: about 7.7%). It was contributed by the introduction of Smartphone and Tablets accessories which provided high profit margin to APower Holdings Limited.

During the year ended 31st March 2012, the Group has signed an agency agreement with OSRAM Prosperity Co., Limited (a provider of LED Lighting products).

IT Outsourcing Services

The IT Outsourcing Services have recorded a turnover of about HK$14 million for the year under review, representing a significant decrease of about 26.3% from that of about HK$19 million in the last year. Most of the clients of the Group's IT Outsourcing Services are enterprises engaged in import and export business. Because of the slow recovery of the American and the European markets, clients were conservative in software and hardware investment, and expansion plan of IT resources was postponed.

DEVELOPMENT STRATEGY AND OUTLOOK

The Group believed that the American and the European markets will recover slowly from economy recession. Accordingly, the Group will focus in the China and the South East Asian markets in the coming future. An intensive sales network in China and South East Asia has been developed. The Group will allocate more effort to expand the Group's shares in China and South East Asia markets, especially the small to medium enterprises market, by increasing product variety, such as DC-DC Converters, Power Suppliers, Bluetooth Modules and GPS Modules.

At the same time, the Group will launch a series of equipment under the brand of TECHGEAR, including Digital Microscopes, Clamp Meters and Voltage Detectors. Those newly launched equipment can help the Group to further expand its share in the industrial market.

In respect of the Computer Business, the Group continuously increases the product types, especially fashionable Smartphone accessories because of the popularity of Smartphone and Tablets. To catch up with business development, large retail shops are essential for the product display. Looking for appropriate location for setting up retail shop is always one of the Group's strategies for its Computer Business. In the meantime, the Group devotes to build up the brand of TECHGEAR by expanding the market share in the South East Asian market.

Furthermore, more younger age colleagues will be recruited. The Group believes that new generation can introduce more new idea and energy to the Group, which can lead the Group to step forward to another height.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has a strong financial foundation. As at 31st March 2012, it had cash and bank balances of approximately HK$39 million (as at 31st March 2011: approximately HK$42 million). About 48% and 27% were denominated in Hong Kong dollars and US dollars respectively. The balance of approximately 9%, 7%, 7%, 1%, and 1% of its total cash and bank balances were correspondingly denominated in South African Rand, Renminbi, Malaysian Ringgit, New Taiwan dollars and Singaporean dollars. The Group's total assets amounted to approximately HK$303 million (as at 31st March 2011: approximately HK$316 million). Net assets per share amounted to approximately HK$0.89 (as at 31st March 2011: approximately HK$0.96). Dividend and basic earnings per share were approximately HK$0.02 and HK$0.004 respectively (as at 31st March 2011: approximately HK$0.035 and HK$0.06 respectively).

As at 31st March 2012, the Group had banking facilities for overdrafts, loans and trade finance from several banks totalling approximately HK$99 million (as at 31st March 2011: approximately HK$91 million), with an unused balance of approximately HK$54 million (as at 31st March 2011: approximately HK$38 million). The directors believe that the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

CAPITAL STRUCTURE

As at 31st March 2012, the total borrowings of the Group were approximately HK$45 million (as at 31st March 2011: HK$53 million). These were in the form of short-term bank loans (including short-term loans and trade finance) for financing the daily business operations and future development plans. The majority of Group's bank borrowings as at 31st March 2012 were denominated in Hong Kong dollars. The short-term loans and trade finance were secured by the Company's corporate guarantees of around HK$95 million and the leasehold properties in Singapore (as at 31st March 2011: HK$87 million), with a maturity term of three to four months, and such short-term loans can be rolled over afterwards at the Group's discretion.

During the year under review, the Group's borrowings bore interest at rates ranging from 1.69% to 2.90% per annum (for the year ended 31st March 2011: 1.58% to 2.31% per annum).

GEARING RATIO

As at 31st March 2012, the Group's gross borrowing, which was repayable within one year, amounted to approximately HK$45 million (as at 31st March 2011: approximately HK$53 million). After deducting cash and cash equivalents of approximately HK$39 million, the Group's net borrowings amounted to approximately HK$6 million (as at 31st March 2011: approximately HK$11 million). Total equity as at 31st March 2012 was approximately HK$179 million (as at 31st March 2011: approximately HK$191 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, decreased to 3.4% (as at 31st March 2011: 5.7%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the Group's transactions were denominated in Hong Kong dollars, Renminbi and US dollars. Given that the exchange rate of Hong Kong dollars against the Renminbi has been and is likely to under control and that the Hong Kong Government's policy of linking the Hong Kong dollars to the US dollars remains in effect, the directors consider that the Group's risk on foreign exchange will remain minimal and no hedging or other alternative measures have been undertaken by the Group. As at 31st March 2012, the Group had no significant risk exposure pertaining to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

CHARGES ON ASSETS

As at 31st March 2012, the properties with the carrying value of approximately HK$10 million have been pledged to secure the general banking facilities granted to the Group's Singapore subsidiary.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March 2012, the Group had total outstanding operating lease commitments of approximately HK$16 million (as at 31st March 2011: HK$22 million). In view of the Group's high level of liquid funds, it is expected that the Group will be able to fulfill all these commitments without any difficulty. The Group had no contingent liabilities as at 31st March 2012.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2012, the Group had total of 413 full-time employees inclusive of its staff in Hong Kong and overseas branches. The Group has also developed its human resources policies and procedures based on performance, merits and market conditions. Discretionary bonus is linked to the performance of the Group as well as individual performances.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31st July 2012 to 2nd August 2012, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at its office situated at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 30th July 2012. The Register of Members of the Company will be closed from 8th August 2012 to 9th August 2012, during which period no transfer of shares will be effected, and the final dividend will be paid on 20th August 2012. In order to qualify for the final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at the above address not later than 4:30 p.m. on 7th August 2012.

DEALING IN COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors is committed to principles of corporate governance practices and procedures. The corporate governance principles of the Company emphasize transparency, accountability and independence.

The Company has complied with the Code Provisions as set out in the Code on Corporate Governance Practices ("CGP") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year under review except for the following deviations:

According to the Code Provision A.4.1 of the CGP, non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors of the Company ("INEDs") are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company under Bye-law 111 of the Company's Bye-laws.

Code Provision A.4.2 of the CGP provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the Bye-laws of the Company provides that the Chairman and the Deputy Chairman will not be subject to retirement by rotation or be taken into account in determining the number of directors to retire. As continuation of the services of the Chairman and the Deputy Chairman is a key factor to the successful implementation of any long term business plan, the Board believes that present arrangement is most beneficial to the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the year ended 31st March 2012, the Company had adopted a Code of Conduct regarding directors' transactions in securities of the Company on terms no less exacting than the required standard set out in the Model Code under Appendix 10 to the Listing Rules. Having made all reasonable enquires with the directors of the Company, the Company was of view that the directors had complied with the said Code of Conduct throughout the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results of the Group for the year ended 31st March 2012 with the directors. The Audit Committee comprises three independent non-executive directors, namely Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric.

PUBLICATION OF FURTHER INFORMATION

All the financial and other related information of the Company required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course. The annual report containing the financial statements and the notice of annual general meeting will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in early of July 2012.

APPRECIATION

I would like to thank our management team and all our staff members for their efforts and significant contributions to the Group during the past year. In addition, I would like to express my heartfelt gratitude to our shareholders, institutional investors, customers, bankers and business partners for their continued support to and confidence in the Group.

By order of the Board
Hung Kim Fung, Measure
Chairman

Hong Kong, 22nd June 2012

As at the date of this announcement, the Board comprises Dr. Hung Kim Fung, Measure, Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix as executive directors and Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric as independent non-executive directors.