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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

RESULTS

The Board of Directors (the "Board") of Mobicon Group Limited (the "Company") hereby announces the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012 (the "Period") together with comparative figures for the corresponding period in 2011. These unaudited interim results have not been audited by the Company's auditor, but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	2011
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**285,652**	317,774
Cost of sales		**(233,345)**	(258,548)
Gross profit		**52,307**	59,226
Other income		**1,116**	999
Distribution and selling expenses		**(18,651)**	(20,336)
General and administrative expenses		**(28,857)**	(32,997)
Operating profit	*4*	**5,915**	6,892
Finance costs	*5*	**(522)**	(476)
Share of profits/(losses) of associates		**199**	(24)
Profit before income tax		**5,592**	6,392
Income tax expense	*6*	**(1,956)**	(2,280)
Profit for the period		**3,636**	4,112
Profit attributable to:			
Equity holders of the Company		**1,606**	3,086
Non-controlling interests		**2,030**	1,026
		3,636	4,112
Earnings per share for profit attributable to the equity holders of the Company during the period – Basic and diluted	*8*	**HK0.8 cent**	HK1.5 cents

Details of dividends are disclosed in Note 7 to the interim results announcement.

* *For identification purposes only*

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**3,636**	4,112
Other comprehensive income:		
Currency translation differences	**(1,825)**	(5,168)
Total comprehensive income/(loss) for the period	**1,811**	(1,056)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**831**	(273)
Non-controlling interests	**980**	(783)
	1,811	(1,056)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Note	**As at 30 September 2012 (Unaudited) *HK$'000***	As at 31 March 2012 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**13,321**	12,829
Investments in associates		**377**	1,079
		13,698	13,908
Current assets			
Inventories		**169,993**	173,230
Trade receivables	*9*	**72,571**	67,074
Other receivables		**5,252**	7,361
Current income tax recoverable		**1,926**	1,771
Cash and bank balances		**31,789**	39,249
		281,531	288,685
Total assets		**295,229**	302,593
Current liabilities			
Trade payables	*10*	**41,786**	41,383
Other payables		**31,908**	36,283
Short-term bank loans		**43,578**	45,326
Current income tax liabilities		**890**	606
		118,162	123,598
Net current assets		**163,369**	165,087
Total assets less current liabilities		**177,067**	178,995
Non-current liabilities			
Deferred income tax liabilities		**48**	48
Net assets		**177,019**	178,947
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**141,486**	142,655
		161,486	162,655
Non-controlling interests		**15,533**	16,292
Total equity		**177,019**	178,947

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2012 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. ACCOUNTING POLICIES

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.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 April 2012 but do not have a material impact on the Group:

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKAS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

(b) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investment in Associates and Joint Ventures[2]
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 1 (Amendment)	Government Loans[2]
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interest in Other Entities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 13	Fair Value Measurement[2]
HK (IFRIC)-Int 20	Stripping Costs in the Production phase of a Surface Mine[2]
Annual Improvements Project	Annual Improvements 2009–2011 Cycle[2]

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

3. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the period is as follows:

	Six months ended 30 September **2012** (Unaudited) *HK$'000*	2011 (Unaudited) *HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**227,046**	249,144
Sales of computer products and mobile accessories and service income	**58,606**	68,630
	285,652	317,774

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 profits/(losses) of associates.

The segment results for the period ended 30 September 2012 are as follows:

	Six months ended 30 September 2012 (Unaudited)			
	Electronic Trading Business *HK$'000*	**Computer Business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Revenue	**227,046**	**58,606**	**–**	**285,652**
Segment results	**5,721**	**920**	**(726)**	**5,915**
Interest expenses	**–**	**–**	**(522)**	**(522)**
Share of (losses)/profits of associates	**(103)**	**302**	**–**	**199**
Profit before income tax				**5,592**
Income tax expense				**(1,956)**
Profit for the period				**3,636**

The segment results for the period ended 30 September 2011 are as follows:

	Six months ended 30 September 2011 (Unaudited)			
	Electronic Trading Business *HK$'000*	Computer Business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Revenue	249,144	68,630	–	317,774
Segment results	6,699	85	108	6,892
Interest expenses	–	–	(476)	(476)
Share of (losses)/profits of associates	(66)	42	–	(24)
Profit before income tax				6,392
Income tax expense				(2,280)
Profit for the period				4,112

The segment assets and liabilities as at 30 September 2012 and additions to non-current assets for the period then ended are as follows:

	Electronic Trading Business *HK$'000*	**Computer Business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Assets	**265,627**	**26,499**	**2,726**	**294,852**
Associates	**448**	**(71)**	**–**	**377**
Total assets	**266,075**	**26,428**	**2,726**	**295,229**
Liabilities	**65,806**	**7,090**	**45,314**	**118,210**
Additions to non-current assets	**594**	**462**	**–**	**1,056**

The segment assets and liabilities as at 31 March 2012 and additions to non-current assets for the year then ended are as follows:

	Electronic Trading Business *HK$'000*	Computer Business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Assets	276,700	22,265	2,549	301,514
Associates	534	545	–	1,079
Total assets	277,234	22,810	2,549	302,593
Liabilities	69,725	7,215	46,706	123,646
Additions to non-current assets	1,182	194	–	1,376

4. EXPENSES BY NATURE

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories expensed	**233,345**	258,458
Employee benefit expense	**29,316**	31,315
Depreciation of owned property, plant and equipment	**620**	960
Reversal of provision for slow-moving inventories (included in cost of sales)	**(102)**	(2,935)
Operating lease rentals in respect of rented premises	**5,277**	6,344
Provision for impairment of trade receivables (included in general and administrative expenses)	**406**	162
Net foreign exchange (gain)/loss	**(1,064)**	1,203
Loss on disposal of property, plant and equipment	**50**	11

5. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on short-term bank loans, wholly repayable within one year	**522**	476

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 period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**386**	734
– Overseas taxation	**1,573**	1,548
– Over-provision in prior periods	**(3)**	(2)
Income tax expense	**1,956**	2,280

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:

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before income tax	**5,592**	6,392
Tax calculated at Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**923**	1,055
Effect of different tax rates of subsidiaries operating in other countries	**667**	497
Income not taxable for tax purpose	**(1,230)**	(393)
Expenses not-deductible for tax purposes	**178**	231
Over-provision in prior periods	**(3)**	(2)
Others	**1,421**	892
Income tax expense	**1,956**	2,280

The Company 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, People's Republic of China ("PRC"), and with a financial year end date falling on 31 December, is subject to PRC enterprise income tax at the rate of 18%. 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 ending 31 December 2008 and a 50% reduction from normal PRC enterprise income tax for the three years following.

7. DIVIDENDS

At a meeting held on 23 November 2012, the directors of the Company declared an interim dividend of HK$0.005 per ordinary share (2011: HK$0.01 per ordinary share) for the six months ended 30 September 2012. This interim dividend has not been recognized as a liability at the date of this announcement. The interim dividend will be payable on 21 December 2012 to shareholders whose names appear on the Register of Members of the Company as at 12 December 2012.

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2012 is based on the Group's profit attributable to the equity holders of the Company of approximately HK$1,606,000 (2011: HK$3,086,000) and on the weighted average number of 200,000,000 ordinary shares (2011: 200,000,000 ordinary shares) in issue during the period.

No diluted earnings per share is presented as there were no potential dilutive ordinary shares in issue during the six months ended 30 September 2012 and 2011.

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 trade receivables is as follows:

	As at 30 September 2012 (Unaudited) ***HK$'000***	As at 31 March 2012 (Audited) *HK$'000*
0 to 60 days	**67,895**	61,284
61 to 120 days	**3,716**	4,108
121 to 180 days	**966**	1,109
181 to 365 days	**1,257**	1,593
Trade receivables	**73,834**	68,094
Less: provision for impairment of trade receivables	**(1,263)**	(1,020)
	72,571	67,074

The maximum exposure to credit risk at the date of this announcement is the carrying amount of trade receivables. The Group does not hold any collateral as security in respect of its trade receivables.

10. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As at 30 September 2012 (Unaudited) ***HK$'000***	As at 31 March 2012 (Audited) *HK$'000*
0 to 60 days	**40,945**	39,857
61 to 120 days	**284**	633
121 to 180 days	**(60)**	86
181 to 365 days	**617**	807
	41,786	41,383

FINANCIAL RESULTS

The Group recorded a turnover of approximately HK$286 million during the Period which represented a decrease of approximately 10% from the turnover of approximately HK$318 million for the six months ended 30 September 2011 (the "Corresponding Period"). The dropped in the Group's turnover was attributed to the slowdown of United States economy and European credit crisis, which influenced the export business of the Group's customers.

During the Period, the Group's gross profit dropped by approximately 12% to approximately HK$52 million from the gross profit of approximately HK$59 million recorded in the Corresponding Period and the gross profit margin maintained at approximately 18.3% (Corresponding Period: approximately 18.6%). By analysing the two core business operations of the Group, the gross profit margin of the distribution business of electronic components, automation parts and equipment under the brand of (the "Electronic Trading Business") was approximately 19.1% (Corresponding Period: approximately 19.9%) while the gross profit margin of the computer business (the "Computer Business") was approximately 15.1%. (Corresponding Period: approximately 14.2%). In line with the reduction in the turnover, the Group's operating profit decreased from HK$6.9 million in the Corresponding Period to approximately HK$5.9 million during the Period, representing a drop by approximately 14.5%. The total operating expenses for the Period decreased by approximately 9.4% to approximately HK$48 million (Corresponding Period: approximately HK$53 million).

The distribution and selling expenses dropped by approximately 5% or about HK$1 million to approximately HK$19 million from approximately HK$20 million, whereas general and administrative expenses decreased by about 12.1% to approximately HK$29 million for the Period from approximately HK$33 million. Financial costs for the Period were kept at approximately HK$0.5 million (Corresponding Period: approximately HK$0.5 million).

Accordingly, the profit attributable to the equity holders of the Company was approximately HK$1.6 million (Corresponding Period: approximately HK$3.1 million), resulting in a drop of about 48% compared with that recorded in the Corresponding Period, representing basic earnings per share of HK$0.008. The Board has resolved to declare an interim dividend of HK0.5 cent per ordinary share (the Corresponding Period: HK1 cent per ordinary share) for the period ended 30 September 2012, totaling HK$1 million.

BUSINESS REVIEW

During the Period, the Group continued to focus on its two core business operations, namely: (1) the Electronic Trading Business; and (2) the Computer Business which includes (i) the retail sales of computer and mobile accessories under the retail brand of (the "Computer Retail Business"); (ii) the distribution of computer products under the brand of (the "Computer Distribution Business") and (iii) the provision of information technology outsourcing and solution services to small and medium enterprises ("SMEs") in Hong Kong (the "IT Outsourcing Services"). The Electronic Trading Business and the Computer Business accounted for about 79% and 21% of the Group's total turnover respectively for the Period.

Electronic Trading Business

The turnover of the Group's Electronic Trading Business during the Period decreased by about 9% to approximately HK$227 million, as compared with that of approximately HK$249 million in the Corresponding Period.

Hong Kong

Traditionally, April to September of a year were the peak season of toy industry. Because of the slowdown of US economy and European credit crisis, worldwide economy was depressed. The Group's customers, especially toy manufacturers exporting to US and European markets, were conservative in production and delayed the launch of new electronic toy models. Instead of electronic toys, manufacturers preferred to produce traditional toys such as dolls which were less risky. As a result, the demand of related electronic components was reduced.

Meanwhile, the global economic recovery was uncertain. The Group believed that maintaining a stable financial management was necessary during economy hard time, therefore the Group has controlled the customers' credit term in order to reduce the credit risk.

During the Period, the Group has signed the Asia and South Africa agency agreements with COTEK Electronics Industrial Co., Limited (specialized in the production of inverters, power supplies, battery chargers, etc) and Manson Engineering Industrial Limited (specialized in the production of DC Power products and solutions).

Meanwhile, the Group's staff headcount has decreased by about 1.2% from 420 full-time employees in the Corresponding Period to 415 full-time employees as at 30 September 2012. Although a decrement was recorded for the Group's aggregate staff headcount, the Group's subsidiary in South Africa has increased the staff headcount by about 8.6% from 105 full-time employees to 114 full-time employees. The increment was due to the expansion of business in South Africa.

Overseas

During the Period, the aggregate turnover of all of the Group's overseas subsidiaries was approximately HK$64 million, which represented a decrease of approximately 13.5% as compared with approximately HK$74 million in the Corresponding Period. The Group's recognized an increase in turnover of the Group's subsidiaries in South Africa and Malaysia. The turnover of the subsidiaries in South Africa and Malaysia increased from approximately HK$35 million and HK$12 million respectively during the Corresponding Period to approximately HK$37 million and HK$13 million respectively during the Period, which represented a rise of about 6% and 8% respectively. In which the growth of turnover in South Africa subsidiary was attributed to the popularity of internet retail business. During the Period, South Africa subsidiary's website recorded about 35,000 visitors and about 222,000 web page views monthly. The substantial growth of turnover in South Africa subsidiary continuously contributed to the Group's turnover.

Although the increase in the turnover was recorded by the Group's subsidiaries in South Africa and Malaysia, the increase was not sufficient to cover the decrease in the turnover recorded by the Group's subsidiaries in Singapore and Taiwan. It was because the main served markets of those subsidiaries were European and US markets which were mostly affected by the European credit crisis and the slowdown economy in America.

In terms of geographical segments, the turnover from Hong Kong, the Asia-Pacific region (other than Hong Kong), China, South Africa, Europe and other regions accounted for 58%, 14%, 13%, 13%, 1% and 1% respectively of the Group's total turnover.

Computer Business

During the Period, the turnover from the Computer Business decreased by about 14% to approximately HK$59 million from approximately HK$69 million in the Corresponding Period while the gross profit margin of the Computer Business rose to about 15.1% (Corresponding Period: approximately 14.2%).

Computer Retail Business

The turnover of the Computer Retail Business for the Period recorded as about HK$12 million, which represented a decrease of approximately 8% from about HK$13 million in the Corresponding Period. During the Period, the Group has closed specialty shop in Mong Kok which mainly sold the Group's brand products. Meanwhile, the Group expanded the retail coverage to industrial area by setting up a retail shop in San Po Kong, so as to test the market potential in industrial area. The tenancy agreement in respect of the retail shop in Tseung Kwan O has been renewed and the rented area of this shop was expanded by 30%.

Computer Distribution Business & IT Outsourcing Services

The turnover of the Computer Distribution Business was approximately HK$42 million during the Period, which resulted in a decrease of about 11% from approximately HK$47 million in the Corresponding Period. The price of flash memory card dropped by about 12% during the Period. The turnover of APower Holdings Limited was eventually reduced, as its principal business is distribution of flash memory card.

During the Period, the Group has signed agency agreements with Samya Technology Co., Ltd which manufactured mobile battery charger products.

The turnover of another subsidiary of the Company, AESI (HK) Limited, decreased by about 38% to about HK$5 million during the Period from HK$8 million in the Corresponding Period. The major customers of AESI (HK) Limited were SMEs which were unwilling to invest in IT equipment due to worldwide economy slowdown.

OUTLOOK

It is expected that the hard time will extent to the end of 2012. In order to maintain the market share in SME market, the Group keens on recruiting experienced sales persons. The Group believes that good preparation is essential and therefore the Group equips itself for the coming economy recovery.

The Group's South Africa subsidiary continues to improve its infrastructure, so as to smoothen the daily operation and logistic. At the same time, subsidiary in South Africa will enhance the online retail business, which become popular in South Africa market. The Group anticipates that the new visitors will continue to increase and more turnover can be generated from online business.

For the Computer Business, the Group will continuously increase the products ranges including equipment and consumer electronic products under the Group's brand, MEC™, Jt and TECHGEAR, especially in Asia and China markets. The Group targets to increase the product types by 20% each year.

At the same time, a new retail shop with saleable area of 1,000 square feet will be opened in Shatin in December 2012. Expansion of chain store coverage is the Group's strategy, and the Group targets to the shops with saleable area over 800 square feet. The Group will continue to look for more locations in Tsuen Wan, Ma On Shan and Tseung Kwan O for setting up new retail shops.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2012, the Group's cash and bank balances amounted to approximately HK$32 million and the net current assets were approximately HK$163 million. As at 30 September 2012, the current ratio stood at approximately 2.38 (as at 31 March 2012: approximately 2.34). Out of the Group's cash and bank balances, about 53% and 25% were denominated in Hong Kong dollars and United States dollars respectively. The balance of approximately 13%, 5%, 2%, 1% and 1% of its total cash and bank balances was denominated in Chinese Renminbi, Malaysia Ringgit, South African Rand, New Taiwan dollars and Singapore dollars respectively.

The Group generally finances its operation by internally generated resources and banking facilities provided by banks in Hong Kong. As at 30 September 2012, the Group had banking facilities for overdrafts, loans and trade finance from banks totaling approximately HK$65 million (as at 31 March 2012: approximately HK$99 million), with an unused balance of approximately HK$21 million (as at 31 March 2012: approximately HK$54 million). During the Period, the Group's borrowings bore interest at rates ranging from 1.90% to 2.92% per annum (as at 31 March 2012: ranging from 1.69% to 2.90% per annum). The Directors believe that the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

Compared with the audited balances as at 31 March 2012, the Group's trade receivables increased by 9% to HK$73 million while the Group's trade payables increased by 2% to HK$42 million. In the meantime, the Group's inventories decreased by about 2% to approximately HK$170 million. Increased in the accounts receivable was due to the transferred customer accounts from one of the Group's suppliers, and those transferred customer accounts have long credit term. As at 31 March 2012, the Group was requested to place constant purchase orders under the distribution agreements signed previously with some major suppliers, so the Group actively reduced the inventory level during the Period. The debtors turnover days, the creditors turnover days and the inventory turnover days for the Period were 45 days, 33 days and 134 days respectively (as at 31 March 2012: 43 days, 32 days and 134 days respectively). The Group recorded net operating cash inflow of HK$168,000 and decreased in net borrowing of bank loan of HK$1,748,000 for the period under review, compared with net operating cash inflow of HK$15,233,000 and used in net repayment of bank borrowings of HK$5,178,000 for the same period in 2011.

CAPITAL STRUCTURE

As at 30 September 2012, the Group's gross borrowing repayable within one year, amounted to approximately HK$44 million (as at 31 March 2012: approximately HK$45 million). After deducting cash and cash equivalents of approximately HK$32 million, the Group's net borrowings amounted to approximately HK$12 million (as at 31 March 2012: approximately HK$6 million). The total equity as at 30 September 2012 was approximately HK$177 million (as at 31 March 2012: approximately HK$179 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, increased to 6.8% (as at 31 March 2012: 3.4%).

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 Renminbi has been and is likely to remain stable, and 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 adopted by the Group. As at 30 September 2012, the Group had no significant risk exposure in regard to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

CHARGES ON ASSETS

As at 30 September 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.

COMMITMENT AND CONTINGENT LIABILITIES

As at 30 September 2012, the Group had total outstanding operating lease commitments of approximately HK$13 million (as at 31 March 2012: approximately HK$16 million). In view of the Group's high level of liquidity, it is expected that the Group will be able to fulfill all these commitments without any difficulty.

The Group had no significant contingent liabilities as at 30 September 2012.

EMPLOYMENT, TRAINING AND REMUNERATION

As at 30 September 2012, the Group's operations engaged a total of 415 fulltime employees (as at 31 March 2012: 413). The Group has also developed its human resources policies and procedures based on performance, merits and market condition. Discretionary bonus is linked to the performance of the Group as well as individual performance of the employees. Benefits include staff accommodation, medical scheme and share option scheme, as well as Mandatory Provident Fund Scheme, Employment Provident Fund Scheme, Central Provident Fund Scheme and state sponsored retirement plans for the respective employees in Hong Kong, Malaysia, Singapore and the People's Republic of China.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 10 December 2012 (Monday) to 12 December 2012 (Wednesday), both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares 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 7 December 2012 (Friday).

DEALINGS IN COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed shares during the six months ended 30 September 2012. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the six months ended 30 September 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied with the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules (the "Code") throughout the Period, except for the deviation stated below:

(i) According to the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. None of the independent non-executive directors of the Company was appointed for specific term but all of them are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws. Pursuant to the code provision A.4.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the Bye-laws of the Company, the Chairman and Managing Director are not subject to retirement by rotation or be taken into account in determining the number of directors to retire, which deviated from code provision A.4.2 of the Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes that the present arrangement is most beneficial to the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the Period, the Company has 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 enquiries with the directors of the Company, the Company was of the view that the directors had complied with the said Code of Conduct throughout the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group; it has also discussed with the directors about the internal controls and financial reporting matters including the reviewing of the unaudited condensed consolidated financial statements for the six months ended 30 September 2012. The Audit Committee comprises three independent non-executive directors, who currently are Dr. Leung Wai Cheung (Chairman), Mr. Charles E. Chapman and Mr. Ku Wing Hong, Eric.

PUBLICATION OF FURTHER INFORMATION

This announcement is published on the websites of the Stock Exchange and the Company.

The interim report for the period ended 30 September 2012 containing the information required by Appendix 16 of the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.mobicon.com) in due course.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow directors and all members of the staff for their loyalty and dedication and the continuous support from our customers, suppliers, bankers and shareholders.

By order of the Board
Hung Kim Fung, Measure
Chairman

Hong Kong, 23 November 2012

As at the date of this announcement, the board of directors of the Company comprises Dr. Hung Kim Fung, Measure, Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung, 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.