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 2016

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 2016 (the "Period") together with comparative figures for the corresponding period in 2015. 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 2016

		Six months ended 30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**345,854**	363,380
Cost of sales		**(265,765)**	(279,874)
Gross profit		**80,089**	83,506
Other income, gains and losses		**9,118**	991
Distribution and selling expenses		**(26,978)**	(25,528)
General and administrative expenses		**(49,383)**	(48,455)
Operating profit	*4*	**12,846**	10,514
Finance costs	*5*	**(1,263)**	(1,129)
Profit before income tax		**11,583**	9,385
Income tax expense	*6*	**(2,776)**	(3,524)
Profit for the period		**8,807**	5,861
Profit attributable to:			
Equity holders of the Company		**6,536**	2,111
Non-controlling interests		**2,271**	3,750
		8,807	5,861
Earnings per share for profit attributable to the equity holders of the Company during the period – Basic and diluted	*8*	**HK 3.3 cents**	HK 1.1 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 2016

	Six months ended 30 September 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Profit for the period	**8,807**	5,861
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences:		
– Subsidiaries	**3,172**	(7,318)
– Associate	**–**	(36)
Release of translation reserve upon disposal of a subsidiary	**–**	(52)
Other comprehensive income/(expense) for the period, net of tax	**3,172**	(7,406)
Total comprehensive income/(expense) for the period	**11,979**	(1,545)
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	**8,588**	(2,465)
Non-controlling interests	**3,391**	920
	11,979	(1,545)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	**As at 30 September 2016 (Unaudited)** ***HK$'000***	As at 31 March 2016 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**19,564**	20,942
Current assets			
Inventories		**185,206**	192,763
Trade receivables	*9*	**67,971**	58,050
Other receivables and deposits		**26,502**	25,449
Current income tax recoverable		**613**	589
Cash and bank balances		**47,783**	39,963
		328,075	316,814
Total assets		**347,639**	337,756
Current liabilities			
Trade payables	*10*	**36,817**	31,692
Other payables and accruals		**25,209**	22,228
Amount due to an associate		**–**	13
Short-term bank loans		**92,854**	100,828
Current income tax liabilities		**200**	1,415
		155,080	156,176
Net current assets		**172,995**	160,638
Total assets less current liabilities		**192,559**	181,580
Net assets		**192,559**	181,580
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**151,044**	143,456
		171,044	163,456
Non-controlling interests		**21,515**	18,124
Total equity		**192,559**	181,580

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 2016 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations).

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 2016, 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 the expected total annual earnings.

(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 1 April 2016 but do not have a material impact on the Group:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvement to HKFRSs 2012-2014 Cycle

(b) The following new standards and amendments have been issued but are not effective for the financial year beginning 1 April 2016 and have not been early adopted:

Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective for annual periods beginning on or after 1 January 2019.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Six months ended 30 September 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Revenue		
Sales of electronic components, automation parts and equipment	**202,762**	224,374
Sales of computer products, mobile accessories and service income	**52,057**	57,628
Sales of cosmetic products	**91,035**	81,378
	345,854	363,380

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 three main business segments: (i) Electronic Trading Business – Distribution of electronic components, automation parts and equipment; (ii) Computer Business – Retail sales of computer products, mobile accessories, distribution of computer products and provision of IT outsourcing and solution services and (iii) Cosmetic Retail Business – Retail sales of cosmetic products.

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

The segment results for the period ended 30 September 2016 are as follows:

	Six months ended 30 September 2016 (Unaudited)				
	Electronic Trading Business *HK$'000*	**Computer Business** *HK$'000*	**Cosmetic Retail Business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Revenue	**202,762**	**52,057**	**91,035**	**–**	**345,854**
Segment results	**10,081**	**(139)**	**(3,580)**	**6,484**	**12,846**
Finance costs	**–**	**–**	**–**	**(1,263)**	**(1,263)**
Profit before income tax					**11,583**
Income tax expense					**(2,776)**
Profit for the period					**8,807**

The segment results for the period ended 30 September 2015 are as follows:

	Six months ended 30 September 2015 (Unaudited)				
	Electronic Trading Business	Computer Business	Cosmetic Retail Business	Unallocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	224,374	57,628	81,378	–	363,380
Segment results	11,104	(629)	493	(454)	10,514
Finance costs	–	–	–	(1,129)	(1,129)
Profit before income tax					9,385
Income tax expense					(3,524)
Profit for the period					5,861

4. EXPENSES BY NATURE

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories expensed	**265,765**	279,874
Employee benefit expense	**33,558**	33,241
Depreciation of owned property, plant and equipment	**3,419**	3,768
Provision/(reversal of provision) for slow-moving inventories (included in cost of sales)	**1,382**	(179)
Operating lease rentals in respect of rented premises	**22,086**	19,667
Provision for impairment of trade receivables (included in general and administrative expenses)	**202**	509
Net foreign exchange gains (included in general and administrative expenses)	**(209)**	(741)
Losses/(gains) on disposal of property, plant and equipment (included in general and administrative expenses)	**1**	(47)

5. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on short-term bank loans	**1,263**	1,129

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 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 interim income statement represents:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong Profits Tax	**131**	164
– Overseas taxation	**2,645**	3,360
Income tax expense	**2,776**	3,524

The Company is exempted from taxation in Bermuda until 2035.

7. DIVIDENDS

At a meeting held on 22 November 2016, the directors of the Company declared an interim dividend of HK$0.005 per ordinary share (2015: HK$0.005 per ordinary share) for the six months ended 30 September 2016. This interim dividend has not been recognised as a liability at the reporting date. The interim dividend will be payable on 20 December 2016 to shareholders whose names appear on the Register of Members of the Company as at 9 December 2016.

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2016 is based on the Group's profit attributable to the equity holders of the Company of approximately HK$6,536,000 (2015: approximately HK$2,111,000) and on the weighted average number of 200,000,000 ordinary shares (2015: 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 2016 and 2015.

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, net of allowance for doubtful debts, is as follows:

	As at 30 September 2016 (Unaudited) *HK$'000*	As at 31 March 2016 (Audited) *HK$'000*
0 to 60 days	**64,884**	56,863
61 to 120 days	**2,833**	859
121 to 180 days	**74**	187
181 to 365 days	**180**	141
Trade receivables	**67,971**	58,050

The maximum exposure to credit risk at the reporting date 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 2016 (Unaudited) *HK$'000*	As at 31 March 2016 (Audited) *HK$'000*
0 to 60 days	**35,708**	30,000
61 to 120 days	**541**	277
121 to 180 days	**241**	1,119
181 to 365 days	**327**	296
Trade payables	**36,817**	31,692

FINANCIAL RESULTS

The Group recorded a revenue of approximately HK$346 million during the Period, representing a decrease of approximately 5% as compared with the revenue of approximately HK$363 million recorded in the six months ended 30 September 2015 (the "Corresponding Period"). During the Period, the Group's revenue was adversely affected by weakening global export as well as the latest development of China tourism policies. On the contrary, the Group had implemented a series of effective cost saving measures to offset the impacts from external economic factors.

During the Period, the Group's gross profit decreased from approximately HK$84 million recorded in the Corresponding Period by approximately 5% to approximately HK$80 million and the gross profit margin stood at approximately 23.2% (Corresponding Period: approximately 23.0%). In terms of the three core business operations of the Group, gross profit margin of the distribution business of electronic components, automation parts and equipment under the brand of (the "Electronic Trading Business"), the computer business (the "Computer Business") and the Cosmetic Retail Business under the brand of were approximately 19.1%, 21.7% and 32.9% (Corresponding Period: approximately 19.8%, 18.9% and 34.5%) respectively. The Group recorded operating profit of approximately HK$12.8 million in the Period as compared with that of HK$10.5 million in the Corresponding Period, representing an increase of approximately 21.9%. The total operating expenses for the Period increased by approximately 2.7% and reached approximately HK$76 million (Corresponding Period: approximately HK$74 million).

The distribution and selling expenses of the Group for the Period were approximately HK$27 million, representing an increase of approximately 4% from approximately HK$26 million recorded in the Corresponding Period. The general and administrative expenses of the Group increased by about 1.9% or approximately HK$0.9 million to approximately HK$49.4 million for the Period from approximately HK$48.5 million recorded in the Corresponding Period. Finance costs for the Period increased to approximately HK$1.3 million (Corresponding Period: approximately HK$1.1 million), representing an increase of approximately 18% over the Corresponding Period.

During the Period, the Group recognised an aggregate one-off gain of approximately HK$6.7 million from the disposal of an associate, Create Tech Software Systems Limited. Accordingly, the profit attributable to the equity holders of the Company in the Period increased by approximately 210% to approximately HK$6.5 million (Corresponding Period: approximately HK$2.1 million), representing basic earnings per share of HK$0.033 (Corresponding Period: HK$0.011). The Board has resolved to declare an interim dividend of HK0.5 cent per ordinary share (the Corresponding Period: HK0.5 cent per ordinary share) for the six months ended 30 September 2016, totaling HK$1 million.

BUSINESS REVIEW

During the Period, the Group operated three core business operations, namely: (1) the Electronic Trading Business; (2) the Computer Business which includes (i) the retail sales of computer products and smartphone accessories under the brand of (the "Computer Retail Business"); and (ii) the distribution of computer products and consumer products under the brand of (the "Computer Distribution Business"); and (3) the Cosmetic Retail Business under the brand of , accounted for approximately 59%, 15% and 26% of the Group's total revenue respectively for the Period.

Electronic Trading Business

Hong Kong

Electronic Trading Business is the primary contributor to the Group's revenue and profits during the Period and recorded revenue of approximately HK$203 million as compared with approximately of HK$224 million recorded in the Corresponding Period, representing a decrease of approximately 9% which was mainly due to the loss of some major customers, unexpected drop of China's global exports and the frustrated Eurozone market triggered by the Brexit referendum.

During the Period, global markets switched to a more cautious stance driven by the uncertainties associated with the ongoing controversy in the Brexit and the upcoming US presidential election. Customers refrained from excessive spending due to the aforesaid political risks which brought anxiety to the market. There have been no confirmed positive signals.

In addition, the Group entered into an agreement with Shanghai Fudan Microelectronics (Hong Kong) Co., Ltd. during the Period and became an authorised distributor of EEPROM products. Such agreement allowed the Group to diversify its products and gain more market share in the electronic business.

Overseas

The aggregate revenue of all of the Group's overseas subsidiaries were approximately HK$52 million, representing an overall decrease of approximately 17% as compared with that of approximately HK$63 million recorded in the Corresponding Period.

There has been a challenging period for the Group's overseas operations in the past six months. According to the recent data indicating the US economic recovery, the market expected that the demand for the US dollar continued to increase due to the Federal Reserve's agenda to raise the interest rate for US dollar. The currency of emerging market such as South African Rand hitting a record low in several months against the US dollar. Nonetheless, the Group's market position in South Africa remains competitive and improved gross profit ratio by approximately 4% during the Period. This improvement was satisfactory. However, the Group's revenue generated in Singapore was declining due to the loss of key customers. In respect of Malaysia, revenue of the Group had been growing steadily by approximately 5% to approximately HK$4 million during the Period. On the other hand, the Group received an insurance compensation in respect of the losses recognised from a fire accident of warehouse in Malaysia in the Period.

In terms of geographical segments, revenue from Hong Kong, the Asia Pacific region (other than Hong Kong), South Africa, and other regions accounted for 69%, 20%, 10% and 1% respectively of the Group's total revenue during the Period.

Computer Business

Computer Retail Business

The revenue of the Computer Retail Business dropped by about 20% to approximately HK$12 million during the Period (Corresponding Period: approximately HK$15 million). On the other hand, the Group recorded an improvement in respect of financial performance as gross profit margin in the Computer Retail Business increased due to the introduction of new product lines. During the Period, the Group continued to implement its cost savings measure on the existing eight retail stores. The Group had also focused on certain channels of social media marketing and the result was promising.

Computer Distribution Business

The revenue of the Computer Distribution Business declined about 5% to approximately HK$40 million (Corresponding Period: approximately HK$42 million). Gross profit was satisfactorily surged by about 83% during the Period as result of the introduction of high margin products such as iOS storage device and daily necessities and the latest development of online stores, which in turn boosted up the revenue by converting visitors into paying customers efficiently. In addition, uninterrupted power supply projects also contributed stable revenue stream to the Group during the Period.

Cosmetic Retail Business

The Group's Cosmetic Retail Business posted growth in slower momentum by approximately 12% in terms of revenue to approximately HK$91 million as compared with approximately HK$81 million recorded in the Corresponding Period. Gross profit increased slightly as a result of prolongation of the sluggish consumer market in Hong Kong. The negative impact of the "one-visit-one-week" policy implemented by the Central Government of China was evidenced by the plunge in growth number of Mainland visitors during the Period.

As at 30 September 2016, the Group has expanded to 41 wishh! retail stores (Corresponding Period: 39 wishh! retail stores). During the Period, the Group devoted considerable resources through multiple social media channels such as Facebook, Weibo and WeChat to maintain sales growth and build up the brand image to attract awareness from potential customers. The Group expanded 4 shops in famous shopping districts, namely Causeway Bay, Mong Kok and Tsim Sha Tsui, in the Period to target the tourists in these areas.

OUTLOOK

Further downturns are expected in the retail market as a result of the weakening economy. The Group will continuously monitor and adopt different kind of management strategies to soothe the anxiety of customers and vendors in order to stabilise its operating and financial performance.

With regard to the Electronic Trading Business, the Group will closely monitor its operating expenditure and will implement effective cost control in other regions to maximize overall profitability to the shareholders. The Group will also achieve this goal by means of downsizing. In addition, in terms of geographical segments, the Group's operations in Singapore and Malaysia will be managed by the same management team in order to achieve efficiency and cost savings. In South Africa, the Group aims to maintain the current profit margin by adjusting the selling prices of its products.

The Group's Computer Business will be focused on improvement of operating efficiency through re-designation in product sourcing and supply-chain management. It is essential for the Group to manage the supply chain effectively in order to improve customer service, achieve a balance between costs and services, and thereby give the Group a competitive advantage. The Group will strive to harmonise functions and activities involved in the chain to achieve a better market position.

For Cosmetic Retail Business, the outlook for the retail sector remains to be weak as a result of falling tourist arrival, mainly those from Mainland China due to the adverse impact of the "one-visit-one-week" policy implemented by the Central Government of China. Situation is expected to persist. To confront with the presented challenges, the Group will optimise sales conversion rate by introducing an integration model of social media channels and online store. wishh! official fan page current received likes and shares of over 100,000 and the latest development is encouraging. On the other hand, the Group also launched its debut cosmetic retail online store in October 2016 to interact with potential customers. The Group will continue to expand its market share by devoting additional resources in manpower and marketing channels to increase its brand awareness through digital marketing, as digital sales platforms become increasingly important in consumer behaviour since there are a lot of customers who use digital devices for their spendings instead of going to physical shops.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2016, the Group's cash and bank balances amounted to approximately HK$48 million and the net current assets were approximately HK$173 million. As at 30 September 2016, the current ratio improved to approximately 2.1 (as at 31 March 2016:

approximately 2.0). Out of the Group's cash and bank balances, about 44% and 19% were denominated in Hong Kong dollars and Chinese Renminbi respectively. The balance of approximately 16%, 12%, 6%, 2%, and 1% of its total cash and bank balances was denominated in United States dollars, South African Rand, Malaysia Ringgit, Singaporean dollars and others respectively.

The Group generally finances its operation by internally generated resources and banking facilities provided by banks in Hong Kong. As at 30 September 2016, the Group had banking facilities for overdrafts, loans and trade finance from banks totaling approximately HK$157 million (as at 31 March 2016: approximately HK$157 million), with an unused balance of approximately HK$64 million (as at 31 March 2016: approximately HK$56 million). During the Period, the Group's borrowings bore interest at rates ranging from 2.20% to 3.39% per annum (as at 31 March 2016: ranging from 1.88% to 3.46% per annum). The Directors believe that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements.

Compared with the audited balances as at 31 March 2016, the Group's trade receivables increased by about 17% to approximately HK$68 million whilst the Group's trade payables increased by about 16% to approximately HK$37 million. In the meantime, the Group's inventories decreased by about 4% to approximately HK$185 million. The increase in the trade receivables was in line with the traditional trend of stronger sale performance in the third quarter as compared with that in the first quarter of each calendar year, which gave a higher trade receivables balance as at 30 September 2016. On the other hand, the decrease of inventory was mainly due to better control of inventory level during the Period. The debtors turnover days, the creditors turnover days and the inventory turnover days for the Period were 33 days, 24 days and 130 days respectively (as at 31 March 2016: 32 days, 33 days and 142 days respectively). The Group recorded net operating cash inflow of approximately HK$16,783,000 and decrease in bank borrowings of approximately HK$7,974,000 for the Period, compared with the net operating cash inflow of approximately HK$13,286,000 and increase in bank borrowings of approximately HK$10,120,000 for the Corresponding Period.

CAPITAL STRUCTURE

As at 30 September 2016, the Group's gross borrowings repayable within one year, amounted to approximately HK$93 million (as at 31 March 2016: approximately HK$101 million). After deducting cash and cash equivalents of approximately HK$48 million, the Group's net borrowings amounted to approximately HK$45 million (as at 31 March 2016: approximately HK$61 million). The total equity as at 30 September 2016 was approximately HK193 million (as at 31 March 2016: approximately HK$182 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, decreased to about 23.4% (as at 31 March 2016: about 33.5%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the Group's transactions were denominated in Hong Kong dollars, Chinese Renminbi and United States dollars. Given that the exchange rate of Hong Kong dollars against Chinese Renminbi has been and is likely to be under control and that the Hong Kong Government's policy of linking the Hong Kong dollars to the United States dollars remains in effect, the Directors consider that the risk facing by the Group on foreign exchange will remain minimal and no hedging or other alternative measures have been undertaken by the Group. As at 30 September 2016, 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 30 September 2016, the properties with carrying value of approximately HK$11 million have been pledged to secure the general banking facilities granted to the Group's subsidiary in Singapore.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2016, the Group had total outstanding operating lease commitments of approximately HK$76 million (as at 31 March 2016: approximately HK$53 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 30 September 2016.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 30 September 2016, the Group had a total of 434 full-time employees inclusive of its staff in Hong Kong and overseas subsidiaries. The Group has developed its human resources policies and procedures based on the performance, merits and market conditions. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses (based on the Group's financial results as well as individual performance).

INTERIM DIVIDEND

By a Board resolution passed on 22 November 2016 (Tuesday), the Board had resolved to declare an interim dividend of HK$0.005 per ordinary share for the six months ended 30 September 2016 (2015: HK$0.005 per ordinary share). The interim dividend will be payable on 20 December 2016 (Tuesday) to shareholders whose names appear on the Register of Members of the Company as at 9 December 2016 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7 December 2016 (Wednesday) to 9 December 2016 (Friday), 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 6 December 2016 (Tuesday).

DEALINGS IN COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed shares during the six months ended 30 September 2016. 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 2016.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied with the Corporate Governance Code 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 its 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 risk management, internal controls and financial reporting matters including the reviewing of the unaudited condensed consolidated financial statements for the six months ended 30 September 2016. 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 of Hong Kong Limited (the "Stock Exchange") and the Company.

The interim report of the Company for the Period containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the 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, 22 November 2016

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 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.