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**MOBICON GROUP LIMITED**

**萬保剛集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1213)**

**DISCLOSEABLE TRANSACTIONS  
IN RELATION TO THE ACQUISITION OF LAND AND  
THE CONSTRUCTION OF OFFICE,  
WAREHOUSE AND CARPARK BAYS IN SOUTH AFRICA**

**THE ACQUISITION OF LAND AND THE CONSTRUCTION OF OFFICE,  
WAREHOUSE AND CARPARK BAYS IN SOUTH AFRICA**

The Board is pleased to announce that on 20 December 2021 (after trading hours), MBM Properties, a non-wholly owned subsidiary of the Group, entered into (i) the Land Purchase Agreement with GGP Investments, Pivotal Fund and Redefine; and (ii) the Construction Agreement with Project House and Purple Fountain Properties respectively. Pursuant to the aforementioned agreements, MBM Properties shall acquire the Land and engage Project House and Purple Fountain Properties to construct and establish an office, a warehouse and carpark bays on the Land for the daily operation of Mantech Electronics. Pursuant to the Land Purchase Agreement, MBM Properties shall pay an amount of Rand 16,792,900 (equivalent to approximately HK\$8,209,000), which includes (i) the Purchase Price of approximately Rand 14,602,500 (equivalent to approximately HK\$7,138,000), which was determined with reference to the valuation on the Land conducted by an independent professional valuer in South Africa and (ii) the VAT of approximately Rand 2,190,400 (equivalent of HK\$1,071,000). The Purchase Price is calculated by multiplying the Specified Area with a unit price of Rand 1,125 (equivalent to approximately HK\$550). The total amount of the consideration for the construction on the Land is Rand 26,165,000 (equivalent to approximately HK\$12,791,000), which includes (i) the construction cost of Rand 22,752,000 (equivalent to approximately HK\$11,122,000), and (ii) the VAT of approximately Rand 3,413,000 (equivalent to approximately HK\$1,669,000). Such consideration was derived from a tender submitted by Project House after taking into account the estimated costs of the construction, the location of the Land and the current market conditions.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the aggregate consideration of the Acquisition and the Construction is more than 5% but less than 25%, the Acquisition and the Construction constitute disclosable transactions for the Company and are subject to the reporting and announcement requirements, but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**As the Acquisition and the Construction are subject to the satisfaction (or waiver) of certain conditions precedent, the Acquisition and the Construction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **THE ACQUISITION OF LAND**

The Board is pleased to announce that on 20 December 2021 (after trading hours), MBM Properties, GGP Investments, Pivotal Fund and Redefine, entered into the Land Purchase Agreement.

The principal terms of the Land Purchase Agreement are summarised as follows:

Date : 20 December 2021

Parties : Purchaser: MBM Properties

Vendors: (1) GGP Investments;  
(2) Pivotal Fund; and  
(3) Redefine

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners are Independent Third Parties.

- Land : A piece of land situated at Erf 258, Jupiter, Extension 28 Township Germiston, South Africa, with a total area of approximately 12,980 square metres (the “**Specified Area**”)
- Tenure : Freehold
- Purchase Price and VAT : approximately Rand 16,792,900 (equivalent to approximately HK\$8,209,000), which includes (i) the Purchase Price of Rand 14,602,500 (equivalent to approximately HK\$7,138,000) and (ii) VAT of approximately Rand 2,190,400 (equivalent to approximately HK\$1,071,000)

The Purchase Price is calculated by multiplying the Specified Area with a unit price of Rand 1,125 (equivalent to approximately HK\$550) per square metre. The Purchase Price was determined with reference to the valuation on the Land conducted by an independent professional valuer in South Africa.

VAT for the acquisition of the Land is payable by MBM Properties to the Vendors on registration of transfer of the Land into the name of MBM Properties.

Payment of the Purchase Price and the VAT shall be funded by internal resources of the Group and bank financing.

Security for the payment of the Purchase Price and VAT : MBM Properties shall provide an unconditional and irrevocable guarantee (the “**Guarantee**”) to the Vendors’ conveyancer, on conditions from financial institution(s) reasonably satisfactory to the Vendors for the amount of the Purchase Price, no later than 30 days after the confirmation of MBM Properties’ entering into a first mortgage bond. The Vendors’ conveyancer will then provide a written undertaking to the Vendors, whereby the Vendors’ conveyancer undertakes to effect the payment of the Purchase Price to the Vendors on the date of registration of transfer in respect of the Land into the name of MBM Properties within 12 months of the date of the Land Purchase Agreement.

The Guarantee shall be expressed as payable at Johannesburg and upon written confirmation from the Vendors’ conveyancer regarding the following:

- (a) all existing mortgage bonds over the Land have been cancelled (if any);
- (b) transfer of the Land has been effected;
- (c) every mortgage bond (if any) required by the financier of MBM Properties has been registered; and
- (d) shall not be conditional on the happening of any other event.

Conditions precedent : The Land Purchase Agreement is subject to and conditional upon, among other things, the fulfilment of the following conditions:

- (i) within 14 days from the date of the Land Purchase Agreement, MBM Properties shall provide to the Vendors a resolution confirming its authority to enter into the Land Purchase Agreement; and any such other resolutions as may be required under its memorandum of incorporation or any other constitutional document (collectively, the “**Resolutions**”);
- (ii) within 5 days from the date of receipt of the Resolutions, Redefine shall provide MBM Properties with written notice of the securing of the approval of its investment committee or executive committee in relation to the conclusion and implementation of the Land Purchase Agreement;
- (iii) MBM Properties shall raise a loan upon the security of a first mortgage bond, to be passed over the Land for a sum of not less than Rand 20,000,000 (equivalent to approximately HK\$9,776,200) at prevailing mortgage bond rates, within 30 days of the Vendors’ acceptance or any other such day that the parties may agree in writing, notwithstanding the fact that MBM Properties shall be entitled by notice in writing to the Vendors at any time before the said date or the agreed later date to declare the sale under the Land Purchase Agreement unconditional and recorded the said condition is inserted solely for the benefit of the Vendors;
- (iv) MBM Properties shall by no later than 31 January 2022 submit the site development plan and building plans to the Municipality together with the necessary authorisations from the Vendors, in order to obtain approval from the Municipality.

If the aforesaid conditions precedent are not fulfilled by the dates stipulated above or any extension of such dates by mutual agreement in writing, the Land Purchase Agreement shall not automatically lapse and be of no further force or effect. However, any parties thereto may after the relevant date on written notice to the other party(ies) require the condition in question be fulfilled within 7 days of the date of such notice. In the event of failing to fulfil the condition in question within 7 days, the Land Purchase Agreement shall never become of force or effect and no parties thereto shall have a claim against any other party arising out of or in connection with the Land Purchase Agreement, except for any claim which results from a breach of the Surviving Provisions.

Events for the transfer of Land to occur : MBM Properties and the Vendors have agreed to the critical milestones or events (including but not limited to the following events) that must occur before the title of the Land can be transferred to MBM Properties:

1. the Vendors procuring and obtaining the final conditions and any other permissions, consents, approvals, certificates and permits as may be required by the government and any other authorities having jurisdiction under the laws of South Africa in relation to the Acquisition and Construction;
2. the Vendors procuring the finalisation of the relevant map documentations to be incorporated into the town planning scheme pursuant to the relevant law and legislation in South Africa;
3. the Vendors complying with the pre-proclamation and proclamation conditions, among others, the publication of notice in the provincial gazette declaring that the proposed township has been established by the Municipality;

4. the Vendors procuring the issue of a Section 101 Certificate;
5. the Vendors (i) finalising the Service Agreements with the Municipality; (ii) procuring the signature of the Service Agreements; (iii) procuring the issue of guarantees required in terms of the Service Agreements; (iv) installation of the Bulk Services pursuant to the Service Agreements; and (v) paying the expenses or contribution regarding the Bulk Services;
6. the Vendors procuring the issue of a Section 82 Certificate, whereafter transfer of the Land can occur from the Vendors to MBM Properties; and
7. the Vendors procuring an external boundary fence is erected on the boundary of precinct while MBM Properties be responsible for erecting the internal boundary of fence around the Land.

If the transfer of the Land to MBM Properties is not effected before the Long Stop Date, MBM Properties may elect to proceed with the transaction or to cancel the Land Purchase Agreement, which will then be of no force and effect.

Completion of transfer of : On or before 19 December 2022  
the title of the Land

## **THE CONSTRUCTION OF AN OFFICE AND A WAREHOUSE**

In addition, on 20 December 2021 (after trading hours), MBM Properties, Project House and Purple Fountain Properties entered into the Construction Agreement in relation to the construction of an office, a warehouse and carpark bays on the Land.

The principal terms of the Construction Agreement are summarised as follows:

Date : 20 December 2021

Parties : (1) MBM Properties  
(2) Project House (as principal agent)  
(3) Purple Fountain Properties (as contractor)

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Project House and Purple Fountain Properties and their respective ultimate beneficial owners are Independent Third Parties.

Location : the Land

Construction amount : Rand 26,165,000 (equivalent to approximately HK\$12,791,000), which includes (i) the construction cost of Rand 22,752,000 (equivalent to approximately HK\$11,122,000) and (ii) VAT of approximately Rand 3,413,000 (equivalent to approximately HK\$1,669,000)

The Construction Amount was derived from a tender submitted by Project House after taking into account the estimated costs of the constructions, the location of the Land and the current market conditions.

It is expected that the Construction Amount shall be paid by various part payments set out in the monthly interim payment certificate(s) issued by Project House, within 7 calendar days of the date for issue of such certificate(s).

The Construction Amount shall be funded by internal resources of the Group and bank financing.

Commencement of construction work : 5 working days after Purple Fountain Properties takes possession of the Land as a contractor

Terms for retention money : Any stage before practical completion and completion : not more than 5% of the Construction Amount for each claim

On practical completion : 2.5% of the Construction Amount for each claim



- Details of the construction : The following facilities will be built on the Land:
- (i) an office with the area of approximately 1,000 square metres;
  - (ii) a warehouse with the area of approximately 4,000 square metres; and
  - (iii) 60 parking bays.
- Date of completion of the Construction : Within 1 year from the date of transfer of the title of the Land to MBM Properties.

## **INFORMATION OF THE PARTIES**

### **MBM Properties**

MBM Properties is a company incorporated under the laws of South Africa with limited liability and is a non-wholly owned subsidiary of the Group. Its principal business activities are trading and distribution of electronic components, electrical components and equipment in South Africa.

### **GGP Investments**

GGP Investments is a company incorporated in South Africa with limited liability. Its principal business mainly relates to property development and investments.

### **Pivotal Fund**

Pivotal Fund is a company incorporated under the laws of South Africa with limited liability. Its principal business mainly relates to property development and investments in South Africa and other selected countries.

### **Redefine**

Redefine is a company incorporated under the laws of South Africa with limited liability, whose shares are listed and traded on the JSE (Stock Code: RDF) and approved as a Real Estate Investment Trust by the JSE. Its principal business mainly relates to property development and investments.

## **Project House**

Project House is a company incorporated under the laws of South Africa with limited liability. Its principal business includes project management, development management, construction support services.

## **Purple Fountain Properties**

Purple Fountain Properties is a company incorporated under the laws of South Africa with limited liability. Its principal business mainly relates to the construction of property.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION AND CONSTRUCTION**

The Group is principally engaged in trading and distribution of electronic components, electrical components, equipment and computer products and mobile accessories and trading of cosmetic products. The Group mainly operates its businesses in Hong Kong, the Asia Pacific region (other than Hong Kong), South Africa and Europe.

The Company considers South Africa a country with great potential for the sustainable expansion of electronic and electrical trading business and vast entrepreneurial opportunities. To support and encourage the continuous development of its business operation in South Africa, the Company has decided to develop the land for the constructing of a new office building and modern warehouse and carpark bays for the daily operation of Mantech Electronics.

As such, the Board considers the terms of each of the Acquisition and the Construction are in alignment with the Group's overall strategic development and would benefit the expansion of the Group's trading and distribution of electrical products and components in South Africa and the Group's long-term business development.

The Board considers the terms of each of the Acquisition and the Construction are fair and reasonable and the Acquisition and the Construction is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the aggregate consideration of the Acquisition and the Construction is more than 5% but is less than 25%, the Acquisition and the Construction constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements, but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Acquisition and the Construction are subject to the satisfaction (or waiver) of certain conditions precedent, the Acquisition and the Construction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Land by MBM Properties from the Vendors pursuant to the Land Purchase Agreement;
“Board”	the board of Directors;
“Bulk Services”	bulk infrastructure services to be made under Vendors’ obligation to install and externally reticulated to the boundary of each erf in the Property (and commensurate with the zoning thereof);
“Company”	Mobicon Group Limited (萬保剛集團有限公司*), a company incorporated in Bermuda with limited liability, whose shares are listed and traded on the Stock Exchange (Stock Code: 1213);
“Construction”	the construction of an office, a warehouse and carpark bays on the Land pursuant to the Construction Agreement;
“Construction Agreement”	the construction agreement dated 20 December 2021 entered into between MBM Properties, Project House and Purple Fountain Properties in relation to the construction of an office, a warehouse and carpark bays on the Land;
“Construction Amount”	consideration to be paid (inclusive of VAT) under the Construction Agreement;
“Director(s)”	the director(s) of the Company;
“GGP Investments”	GGP Investments Proprietary Limited, a company incorporated under the laws of South Africa with limited liability;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	persons independent of the Group and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company;
“JSE”	JSE Limited, the stock exchange in South Africa;
“Land”	a piece of land situated at Erf 258, Jupiter, Extension 28 Township Germiston, South Africa, with a total area of approximately 12,980 square metres;
“Land Purchase Agreement”	the sale and purchase agreement dated 20 December 2021 entered into between MBM Properties and the Vendors in relation to the Land;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	12 months from the date of the Land Purchase Agreement;
“Mantech Electronics”	Mantech Electronics (Proprietary) Limited, a company incorporated under the laws of South Africa with limited liability and is a non-wholly owned subsidiary of the Group;
“MBM Properties”	MBM Properties (Proprietary) Limited (formerly known as AP Electronics (Proprietary) Limited), a company incorporated under the laws of South Africa with limited liability and is a wholly owned subsidiary of Mantech Electronics;
“Municipality”	City of Ekurhuleni Metropolitan Municipality, South Africa;

“Pivotal Fund”	The Pivotal Fund (Pty) Limited, a company incorporated under the laws of South Africa with limited liability;
“Project House”	Project House Project Management (Pty) Ltd, a company incorporated under the laws of South Africa with limited liability;
“Property”	premises to be built on the Land pursuant to the Construction Agreement;
“Purchase Price”	the purchase price for the acquisition of Land pursuant to the Land Purchase Agreement;
“Purple Fountain Properties”	Purple Fountain Properties 118 (Pty) Ltd, a company incorporated under the laws of South Africa with limited liability;
“Rand”	South African Rand, the lawful currency of South Africa;
“Redefine”	Redefine Properties Limited, a company incorporated under the laws of South Africa with limited liability, whose shares are listed and traded on the JSE (Stock Code: RDF) and approved as a Real Estate Investment Trust by the JSE;
“Section 82 Certificate”	Certificate issued pursuant to section 82 of Town-Planning and Townships Ordinance (Tvl), No. 15 of 1986 or substituted legislation, confirming the availability of Bulk Services to the Property and which is a pre-requisite for any transfer of an erf in the Property or the approval of building plans;

“Section 101 Certificate”	Certificate issued pursuant to section 101 of Town-Planning and Townships Ordinance (Tvl), confirming the availability of Bulk Services to the Property and which is a pre-requisite for any transfer of an erf in the Property or the approval of building plans;
“Service Agreements”	the service agreements to be concluded between the applicant of the Property and the Municipality regulating the installation and/or upgrading of the Bulk Services;
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.1 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the issued share(s) of the Company;
“South Africa”	the Republic of South Africa;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Surviving Provisions”	clause 2.1.46 of the Land Purchase Agreement, which includes among others, clauses relating to conditions precedent, interpretation, breach, arbitration and costs and any other provisions of the Land Purchase Agreement which are expressed to or by necessary implication to continue in force after termination of the Land Purchase Agreement;
“VAT”	value-added tax;
“Vendors”	GGP Investments, Pivotal Fund and Redefine; and
“%”	per cent.

For reference only, an exchange rate of HK\$1.00 to Rand 0.48881 has been used for the conversion of Rand into HK\$ in this announcement. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.

By Order of the Board  
**Mobicon Group Limited**  
**Hung Kim Fung, Measure**  
*Chairman*

Hong Kong, 20 December 2021

*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.*

\* *For identification purposes only*