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 2008

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 2008 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Revenue	2	**933,364**	1,006,767
Cost of sales		**(794,009)**	(859,680)
Gross profit		**139,355**	147,087
Other income	3	**1,450**	749
Distribution and selling expenses		**(47,533)**	(47,438)
General and administrative expenses		**(69,767)**	(71,235)
Operating profit	4	**23,505**	29,163
Finance costs	5	**(3,775)**	(4,624)
Share of loss of an associate		**(112)**	(77)
Profit before income tax		**19,618**	24,462
Income tax expense	6	**(5,208)**	(6,702)
Profit for the year		**14,410**	17,760
Attributable to:			
Equity holders of the Company		**10,300**	14,802
Minority interests		**4,110**	2,958
		14,410	17,760
Earnings per share for profit attributable to the equity holders of the Company during the year – Basic and diluted	7	**HK 5.2 cents**	HK 7.4 cents
Dividends	8	**9,000**	10,000

* *For identification purposes only*

CONSOLIDATED BALANCE SHEETS

AS AT 31ST MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**17,269**	9,072
Intangible assets		**907**	2,751
Investment in an associate		**819**	731
		18,995	12,554
Current assets			
Inventories		**148,038**	156,288
Trade receivables	*9*	**89,460**	94,096
Other receivables		**12,195**	6,422
Current income tax recoverable		**2,345**	2,170
Cash and bank balances		**41,952**	47,945
		293,990	306,921
Total assets		**312,985**	319,475
Current liabilities			
Trade payables	*10*	**46,698**	52,742
Other payables		**19,175**	20,266
Short-term bank loans		**56,335**	59,051
Current income tax liabilities		**1,670**	1,182
		123,878	133,241
Net current assets		**170,112**	173,680
Total assets less current liabilities		**189,107**	186,234
Non-current liabilities			
Deferred income tax liabilities		**490**	596
Net assets		**188,617**	185,638
Capital and reserves attributable to the Company's equity holders			
Share capital		**20,000**	20,000
Reserves		**152,222**	151,890
		172,222	171,890
Minority interests		**16,395**	13,748
Total equity		**188,617**	185,638

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 (the "Listing Rules").

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) Standards, amendments and interpretations effective in 2007

HKFRS 7, "Financial Instruments: Disclosures", and the complementary amendment to HKAS 1, "Presentation of Financial Statements – Capital Disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK(IFRIC)-Int 8, "Scope of HKFRS 2", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC)-Int 10, "Interim Financial Reporting and Impairment", prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

HK(IFRIC)-Int 11, "HKFRS 2 – Group and Treasury Share Transactions". HK(IFRIC)-Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's share) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have an impact on the Group's financial statements.

(b) Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1st April 2007 but they are not relevant to the Group's operations:

- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives".

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st April 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of financial statements" (effective from annual period beginning on or after 1st January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRS. The Group will apply HKAS 1 (Revised) from 1st April 2009.

- HKAS 23 (Revised), "Borrowing Costs" (effective from annual period beginning on or after 1st January 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1st April 2009 but is currently not applicable to the Group as there are no qualifying assets.

- HKFRS 8, "Operating Segments" (effective from annual period beginning on or after 1st January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1st April 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

- HK(IFRIC)-Int 14, "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective from annual period beginning on or after 1st January 2008). HK(IFRIC)-Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC)-Int 14 from 1st April 2008, but it is not expected to have any impact on the Group's financial statements.

(d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 12, "Service Concession Arrangements" (effective from annual period beginning on or after 1st January 2008). HK(IFRIC)-Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC)-Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.

- HK(IFRIC)-Int 13, "Customer Loyalty Programmes" (effective from annual period beginning on or after 1st July 2008). HK(IFRIC)-Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC)-Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

2. **Revenue and segment information**

Revenue recognized during the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**667,955**	715,344
Sales of computer products and accessories and service income	**265,409**	291,423
	933,364	1,006,767

(a) Primary reporting format – business segments

At 31st March 2008, the Group is organized into two main business segments:

Electronic Trading Business – Distribution of electronic components, automation parts and equipment

Computer Business – Retail sales of computer products and accessories, distribution of computer products and provision of IT outsourcing and solution services.

	2008			
	Electronic Trading Business	**Computer Business**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**667,955**	**265,409**	**–**	**933,364**
Segment results	**27,114**	**(4,333)**	**724**	**23,505**
Finance costs				**(3,775)**
Share of loss of an associate	**–**	**(112)**	**–**	**(112)**
Profit before income tax				**19,618**
Income tax expense				**(5,208)**
Profit for the year				**14,410**

	2007			
	Electronic Trading Business	**Computer Business**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	715,344	291,423	–	1,006,767
Segment results	31,880	(3,306)	589	29,163
Finance costs				(4,624)
Share of loss of an associate	–	(77)	–	(77)
Profit before income tax				24,462
Income tax expense				(6,702)
Profit for the year				17,760

(b) Secondary reporting format – geographical segments

The Group mainly operates in Hong Kong, Asia Pacific, South Africa and Europe.

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Hong Kong	**697,678**	768,795
Asia Pacific	**165,712**	163,854
South Africa	**40,088**	38,589
Europe	**19,985**	22,555
Other countries	**9,901**	12,974
	933,364	1,006,767

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

3. Other Income

	2008	2007
	HK$'000	*HK$'000*
Management fee from an associate	**132**	130
Service fee from an associate	**48**	8
Commission income	**3**	22
Interest income from bank deposits	**620**	491
Interest income from an associate	**104**	98
Other income	**543**	–
	1,450	749

4. Expenses by Nature

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories expensed	**794,009**	859,680
Employee benefit expense	**66,077**	65,219
Amortization of intangible assets (included in general and administrative expenses)	**1,209**	1,209
Depreciation of owned property, plant and equipment	**4,427**	4,205
Impairment of goodwill (included in general and administrative expenses)	**635**	–
Provision for impairment of trade receivables (included in general and administrative expenses)	**2,371**	426
Provision for slow-moving inventories (included in cost of sales)	**37**	2,050
Operating lease rentals in respect of rented premises	**10,883**	14,752
Auditors' remuneration	**600**	600
Gain on disposal of property, plant and equipment	**(147)**	(136)
Gain on disposal of subsidiaries	**(10)**	(1)
Net foreign exchange gains	**(903)**	(2,922)

5. Finance Costs

	2008 *HK$'000*	2007 *HK$'000*
Interest expense on short-term bank loans, wholly repayable within five years	**3,775**	4,624

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) 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.

	2008 *HK$'000*	2007 *HK$'000*
Current income tax		
– Hong Kong profits tax	**2,427**	5,085
– Overseas taxation	**3,146**	1,575
– Over-provision in prior years	**(235)**	(214)
Deferred income tax	**(130)**	256
Income tax expense	**5,208**	6,702

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:

	2008 *HK$'000*	2007 *HK$'000*
Profit before income tax	**19,618**	24,462
Tax calculated at Hong Kong profits tax rate of 17.5% (2007: 17.5%)	**3,433**	4,281
Effect of different tax rates of subsidiaries operating in other countries	**1,163**	500
Tax losses of subsidiaries not recognized	**789**	1,839
Utilization of previously unrecognized tax losses	**(76)**	(132)
Over-provision in prior years	**(235)**	(214)
Others	**134**	428
Income tax expense	**5,208**	6,702

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, 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 15%. No provision for PRC enterprise income tax has been made as MET is entitled to exemption from PRC enterprise income tax for the first two profitable years commencing from the year ended 31st December 2006 and a 50% reduction from normal PRC enterprise income tax (effectively 7.5%) for the three years following.

7. **Earnings Per Share**

The calculation of basic earnings per share for the year ended 31st March 2008 is based on the Group's profit attributable to equity holders of the Company of approximately HK$10,300,000 (2007: HK$14,802,000) and on the weighted average number of 200,000,000 (2007: 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 2008 and 2007.

8. **Dividends**

	2008	2007
	HK$'000	*HK$'000*
Interim dividend paid of HK2.5 cents (2007: HK2.5 cents) per ordinary share	**5,000**	5,000
Proposed final dividend of HK2 cents (2007: HK2.5 cents) per ordinary share	**4,000**	5,000
	9,000	10,000

At a meeting held on 18th July 2007, the directors of the Company proposed a final dividend of HK2.5 cents per ordinary share in respect of the year ended 31st March 2007.

At a meeting held on 21st July 2008, the directors of the Company proposed a final dividend of HK2 cents per ordinary share in respect of the year ended 31st March 2008. 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 ending 31st March 2009.

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:

	2008	2007
	HK$'000	*HK$'000*
0 to 60 days	**80,053**	84,180
61 to 120 days	**8,120**	6,662
121 to 180 days	**2,187**	2,330
181 to 365 days	**1,593**	2,144
Trade receivables	**91,953**	95,316
Less: provision for impairment of trade receivables	**(2,493)**	(1,220)
	89,460	94,096

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 2008, trade receivables of approximately HK$53,303,000 (2007: HK$57,682,000) 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:

	2008 *HK$'000*	2007 *HK$'000*
0 to 60 days	**42,194**	47,160
61 to 120 days	**8,034**	6,544
121 to 180 days	**1,482**	2,014
181 to 365 days	**1,593**	2,144
	53,303	57,682

As at 31st March 2008, trade receivables of approximately HK$2,493,000 (2007: HK$1,220,000) were impaired. The amount of the provision was approximately HK$2,493,000 as at 31st March 2008 (2007: HK$1,220,000). The individually impaired receivables mainly relate to a number of small customers, which are in unexpected difficult economic situations.

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

	2008 *HK$'000*	2007 *HK$'000*
At beginning of the year	**1,220**	917
Receivables written off as uncollectible	**(1,122)**	(130)
Provision for impairment of trade receivables	**2,371**	426
Exchange difference	**24**	7
At end of the year	**2,493**	1,220

10. Trade Payables

The aging analysis of trade payables is as follows:

	2008 *HK$'000*	2007 *HK$'000*
0 to 60 days	**44,859**	50,898
61 to 120 days	**1,464**	1,190
121 to 180 days	**127**	191
181 to 365 days	**248**	463
	46,698	52,742

FINANCIAL RESULT

The Group recorded a turnover of around HK$0.933 billion during the fiscal year ended 31st March 2008. This represented a decrease of about 7.3% compared to around HK$1.007 billion in the previous year. Gross profit dropped by approximately 5.4% to around HK$139 million, compared to about HK$147 million last year while the gross profit margin slightly grew by approximately 0.3% from about 14.6% last year to around 14.9%. The Group's operating profit amounted to approximately HK$24 million (31st March 2007: HK$29 million), and the profit attributable to shareholders was approximately HK$10.3 million (31st March 2007: HK$14.8 million), representing earnings per share of HK$0.052 (31st March 2007: HK$0.074 per share). Subject to the approval of the shareholders at the forthcoming annual general meeting, the Board has resolved to declare a final dividend of HK$2 cents per ordinary share for the year under review, totaling HK$4 million to the shareholders whose names appeared on the register of members on 21st August 2008. The final dividend, if approved, is expected to be paid on 28th August 2008.

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 branding (the "Electronics Trading Business") and (2) computer related business (the "Computer Business") which includes (i) the retail sales of computer products and accessories under the retail branding (the "Computer Retail Business"), (ii) the distribution on computer products under (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 of Electronics Trading Business during the year under review amounted to about HK$668 million, dropped by approximately 6.6% compared with about HK$715 million in the previous year, while turnover of Computer Business recorded a decrease approximately 8.9% to about HK$265 million from about HK$291 million in the previous year.

During the year under review, the Group's total operating expenses for the year slightly decreased by approximately 2% to around HK$117 million. (31st March 2007: HK$119 million). Financial costs for the year decreased by about 17% to approximately HK$3.8 million (31st March 2007: HK$4.6 million).

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 serving branding (the "Electronic Trading Business"); and (2) computer related business (the "Computer Business") which includes (i) the retail sales of computer products and accessories under the retail branding (the "Computer Retail Business"), (ii) the distribution on computer product under the (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 72% and 28% of the Group's total turnover for the fiscal year ended 31st March 2008 respectively.

According to the analysis on the two core business operations, the gross profit margin of the Electronic Trading Business was approximately 18.3% (31st March 2007: about 17.1%) while that of the Computer Business stood at around 6.4% (31st March 2007: about 8.5%). With the adoption of price reduction policy to clear those non-RoHS (Restriction of the Use of Certain Hazardous Substances) items since last year, the Group did not need to provide further stock provision during the year under review and the gross profit margin of Electronic Trading Business was thus improved. However, owing to the price fluctuation on the sales of computer memory cards, the gross profit margin of Computer Business was dropped.

Electronic Trading Business

Hong Kong

For the fiscal year ended 31st March 2008, the Group recorded a turnover of Electronic Trading Business approximately HK$668 million, representing a decrease of about 6.6%, when compared to approximately HK$715 million for the last year.

During the year under review, due to the undesirable performance on property market and the severe subprime lending crisis in the US, the demand on telecommunication products and general consumer electronics products dropped. As a result, the production volume of the Group's customers reduce which unavoidably had negative impact on the Group's performance. Besides, the continual appreciation in Renminbi and the strict enforcement of the minimum wage rate and new Labor Law in the PRC had resulted in an increase in the operation cost of most of the Group's customers, leading to strain of fund. The impact on traditional audio and telecommunication industries are particularly grave.

Overseas

During the year under review, the business of the Group's overseas subsidiaries has achieved steady growth, recording a turnover of approximately HK$130 million, which represented an increase of about 17% when compared to approximately HK$111 million for the last year. The performance of the South Africa branch was particularly satisfactory because of the booming economic activities in South Africa which had driven the continual growth of the Group's operation and resulted in a significant growth. The South Africa branch has therefore increased its inventory to meet the retail demand in the foreseeable future.

Apart from the retail of electronic components, the Group's subsidiary in Singapore is also in the business of distributing Agilent Technologies equipment. In addition, the Singapore branch has successfully became the agent of Atmel Corporation in Asia, covering Singapore, Malaysia, Philippine, Thailand and Vietnam, which marked the recognition on the Group's expansion in Asia.

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: 75%, 18%, 4%, 2% and 1% respectively of the Group's total turnover during the year under review.

Computer Retail Business

The Computer Retail Business, mainly the VideoCom operation, recorded a loss of around HK$5.3 million during the year under review. Since the restructuring of the Group's computer retail business has been largely completed, resulting in a further increase of about HK$1.1 million in the loss recorded when compared to the last year. On the other hand, the Group continued to develop the branding of VideoCom by centralizing the outlets at Shum Shui Po and strengthening the marketing and promotion campaigns which the Group believes to be advantageous to the development of its computer retail business because Shum Shui Po is the landmark of computer products in Hong Kong.

Computer Distribution Business

During the year under review, the Group's performance in its computer distribution business was satisfactory. A Power Limited, one of the subsidiaries of the Group carrying on the Computer Distribution Business, recorded a turnover of approximately HK$208 million, representing an increase of about 38% when compared to about HK$151 million for the last year. A Power Limited continued to launch consumer electronics products and computer peripherals under the branding of Jt including the earphones and storage memory devices. At the same time, A Power Limited has launched the Jt Freewalker Mobile Hard Disk which further increased the Group's market share in the storage memory market.

IT Outsourcing Services

During the year under review, the IT Outsourcing Services has recorded a turnover of approximately HK$21 million, representing a substantial increase of about 425% when compared to about HK$4 million for the last year. The significant growth was mainly attributed to the restructuring of A Power Limited and AESI (HK) Limited, transferring most of the IT outsourcing Services of small-to-medium enterprises to AESI (HK) Limited. In addition, the prosperous local economy and AESI (HK) Limited being honoured by Microsoft as its golden partner helped the Group's services to gain recognition from clients, advantageous to the development in IT Outsourcing Services.

DEVELOPMENT STRATEGY AND OUTLOOK

The Group will continue to develop Singapore unit as the central administration of the ASEAN units. The Singapore unit has been awarded a number of product agentships, coverage reaching most of the ASEAN countries. The Group is now actively introducing these agentships in the Singapore unit to the Asian's markets including Taiwan, Hong Kong and China. Meanwhile, the Group will make use of the networking of the Singapore unit to expand the agentships in Hong Kong and China to other ASEAN countries. It aims to bring mutual benefits to all parties through this exchange strategy. The Group believes this strategy can not only increase the agentship coverage to more countries and regions, but also establishing a closer business partnership with all suppliers.

Besides, the Group believes one of the key factors for success is to continue enlarging its customer base through local sales channels. Therefore, the Group will recruit more sales executives from various Asian countries and provide more training to its staff to promote the local sale efficiency. In order to achieve this strategy, the Group will strive to acquire more brand-named agentship through the Singapore and Hong Kong units, to satisfy different customers' needs.

At the same time, the Group is always willing to embrace new technology such as online sales. During the year under review, the Group started doing online transactions by operating at eBay online platform and reached the end users of retail products directly. Currently, the Group has recorded 2,500 end users on average per month.

Having been continuously developing its ASEAN sales network throughout the years, the Group has successfully achieved remarkable performances in multiple regional branches. In the coming future, the Group will not only continue to maintain and strengthen its competitiveness in overseas markets, but also further expand its worldwide network. Besides, the Group can see the potential of electronic component business in Australia market. As such, the Group has been planning to develop its business in Australia.

With regard to computer business, the Group has been striving to develop its dealers network. The Group aims to further raise the number of dealer shops from 1,000 to 1,500 by introducing new agents and products. Other than computer and game stores, the dealers of the Group also include bookstores, electronic appliance chain stores, photo printing stores, mobile phone stores and music collection stores.

The Group launched the Jt Freewalker Mobile Hard Disk this year which further enlarged the Group's market share in the local storage memory market. In the future, the Group will strengthen the Jt branding promotion. Apart from concentrating in the development in the storage memory market, the Group is also exploring other potential computer peripherals under the branding of Jt.

In addition, increasing numbers of enterprises and governments have widely adopted environmental friendly products and solutions into their daily operation, production and management process. The Group expects that the environmental protection business will become one of the biggest sectors in global markets. A Power Limited, one of the subsidiaries of the Group, will cooperate with a renowned energy saving products manufacturers and launch a series of energy saving products in local market. The Group believes there will be a prosperous future in the environmental protection industry.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has a strong financial foundation. As at 31st March 2008, it had cash and bank balances of approximately HK$42 million (as at 31st March 2007: HK$48 million). About 54% and 25% were denominated in Hong Kong dollars and US dollars respectively. The balance of approximately 7%, 6%, 4%, 3% and 1% of its total cash and bank balances were correspondingly denominated in Malaysia Ringgit, South African Rand, Chinese Renminbi, Singapore dollars and New Taiwan dollars. The Group's total assets amounted to approximately HK$313 million (as at 31st March 2007: HK$319 million). Net assets per share amounted to approximately HK$0.94 (as at 31st March 2007: HK$0.93). Dividend earnings and basic earnings per share were approximately HK$0.045 and HK$0.052 respectively (as at 31st March 2007: HK$0.050 and HK$0.074 respectively).

As at 31st March 2008, the Group had banking facilities for overdrafts, loans and trade finance from several banks totaling approximately HK$272 million (as at 31st March 2007: HK$272 million), with an unused balance of approximately HK$216 million (as at 31st March 2007: HK$213 million).

The Directors believe the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

CAPITAL STRUCTURE

As at 31st March 2008, the total borrowings of the Group were approximately HK$56 million (as at 31st March 2007: HK$59 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 Group's bank borrowings as at 31st March 2008 were denominated in Hong Kong dollars. The short-term loans and trade finance were secured by the Company's corporate guarantees of around HK$277 million (as at 31st March 2007: HK$279 million), with a maturity term of two to three 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 2.5% to 6.5% per annum (as at 31st March 2007: 4.6% to 6.7% per annum).

GEARING RATIO

As at 31st March 2008, the Group's gross borrowing, which was repayable within one year, amounted to approximately HK$56 million (as at 31st March 2007: HK$59 million). After deducting cash and cash equivalents of approximately HK$42 million, the Group's net borrowings amounted to approximately HK$14 million (as at 31st March 2007: HK$11 million). Total equity as at 31st March 2008 was approximately HK$189 million (as at 31st March 2007: HK$186 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, increased to 8% (as at 31st March 2007: 6%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the Group's transactions were denominated in Hong Kong dollars, RMB and US dollars. Given that the exchange rate of Hong Kong dollars against the RMB has been and is likely to under control, the HKSAR 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 2008, the Group had no significant risk exposure pertaining to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

CHARGES ON ASSETS

The Group did not have any charge on its assets as at 31st March 2008.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March 2008, the Group had total outstanding operating lease commitments of approximately HK$18 million (as at 31st March 2007: HK$14 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 2008.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2008, the Group had total of 478 full-time employees. 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. The benefits provided by the Group to its employees include staff accommodation, medical schemes, share option scheme, Mandatory Provident Fund Scheme for employees in Hong Kong, Employee Provident Fund Scheme for employees in Malaysia, Central Provident Fund Scheme for employees in Singapore, and state-sponsored retirement plans for employees in the PRC.

The Group believes learning can enhance the company and staff's competitiveness. Therefore the Group always encourages its staff to take part in various reinforcement programs. The Group has arranged professional coaching courses held by Vocational Training Council aiming to raise the cohesion among staffs, develop their potential, improve their work performance and broaden their horizon. Besides, the Group has arranged practical computer application courses held by Hong Kong Institute of Vocational Education which help its staff to cope with daily computer works.

The Group's business network reaches globally. Since each branch has its own operation mode, the Group believes that each branch has its own strengths to learn from. In order to reinforce interactions and understanding between staff members of different regions, the Group has arranged a tour for Hong Kong management to visit two regional branches in Malaysia and Singapore. During the tour, the Hong Kong participants could have insight observation of the operation mode of other branches as well as their working condition. They also shared the internal control practices in the Hong Kong headquarter with the members of the overseas branches, resulting in mutual benefits.

The Group values its staff members as important assets. To recognize their contributions and to boost their morale, the Group awards certificates to staff members in each department who perform outstandingly for each quarter. It also presents rewards of the best attendance, the cleanest working environment and the greatest breakthrough in sales performance according to staff's attendance record, the sanitation of different departments and the results of sales of all satellites respectively. A number of activities and functions including monthly birthday parties and festival celebrations are regularly held. The Group also presents some gifts during the special festivals such as Mother's Day, Father's Day and Luna Chinese New Year to staffs. All these activities are designed to strengthen the bonds between staff members and enhance their sense of belonging to the Group.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18th August 2008 to 21st August 2008, during which no transfer of shares will be effected, and the final dividend will be paid on 28th August 2008. 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 registrars 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 15th August 2008.

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 of Corporate Governance Practices ("CGP") in Appendix 14 to the Listing Rules during the year under review except for the following deviations:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Before July 2007, the Company did not have a separate Chairman and Chief Executive Officer as Dr. Hung Kim Fung, Measure held both positions. The Board believed that vesting the roles of Chairman and Chief Executive Officer in the same individual provided the Group with strong and consistent leadership in the development and execution of long-term business strategies. On 18th July 2007, Ms. Yeung Man Yi, Beryl has been appointed as the Chief Executive Officer ("CEO") of the Company to comply with this code provision.

According to Bye-law 115, any director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company and shall retire and be subject to re-election. These deviate from the Code Provision A.4.2 of CGP which requires all directors appointed to fill casual vacancy be subject to election by shareholders at the first general meeting after their appointment. Having reviewed Bye-law 115, the Board considers that the requirement under Bye-law 115 is similar to the that required under the said Code Provision. Code Provision A.4.2 also provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Though the Chairman will not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire, as continuation 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.

The independent non-executive directors of the Company ("INEDs") are not appointed for specific terms but are subject to retirement by rotation under Bye-law 111 of the Company's Bye-laws.

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 for the year ended 31st March 2008 with the directors. The Audit Committee comprises three independent non-executive directors, namely Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Chow Shek Fai.

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 late July 2008.

MEMBERS OF THE BOARD

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. Chow Shek Fai as independent non-executive directors.

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 various 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, 21st July 2008

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. Chow Shek Fai as independent non-executive directors.