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 2009

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 2009 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*2*	**766,795**	933,364
Cost of sales		**(644,425)**	(794,009)
Gross profit		**122,370**	139,355
Other income	*3*	**2,213**	1,450
Distribution and selling expenses		**(47,329)**	(47,533)
General and administrative expenses		**(73,434)**	(69,767)
Operating profit	*4*	**3,820**	23,505
Finance costs	*5*	**(2,110)**	(3,775)
Share of profit/(loss) of an associate		**368**	(112)
Profit before income tax		**2,078**	19,618
Income tax expense	*6*	**(2,469)**	(5,208)
(Loss)/profit for the year		**(391)**	14,410
Attributable to:			
Equity holders of the Company		**(1,946)**	10,300
Minority interests		**1,555**	4,110
		(391)	14,410
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year – Basic and diluted	*7*	**(HK0.97) cents**	HK5.2 cents
Dividends	*8*	**6,000**	9,000

* *For identification purposes only*

CONSOLIDATED BALANCE SHEETS

AS AT 31ST MARCH 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**13,508**	17,269
Intangible assets		**–**	907
Investment in an associate		**724**	819
		14,232	18,995
Current assets			
Inventories		**144,241**	148,038
Trade receivables	*9*	**67,555**	89,460
Other receivables		**8,844**	12,195
Current income tax recoverable		**1,678**	2,345
Cash and bank balances		**35,185**	41,952
		257,503	293,990
Total assets		**271,735**	312,985
Current liabilities			
Trade payables	*10*	**41,301**	46,698
Other payables		**13,291**	19,175
Short-term bank loans		**40,505**	56,335
Current income tax liabilities		**367**	1,670
		95,464	123,878
Net current assets		**162,039**	170,112
Total assets less current liabilities		**176,271**	189,107
Non-current liabilities			
Deferred income tax liabilities		**181**	490
Net assets		**176,090**	188,617
Capital and reserves attributable to the Company's equity holders			
Share capital		**20,000**	20,000
Reserves		**139,649**	152,222
		159,649	172,222
Minority interests		**16,441**	16,395
Total equity		**176,090**	188,617

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.

In the current year, the Group has applied the following amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combination[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

[1] Effective for annual periods beginning on or after 1st January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July 2009

[2] Effective for annual periods beginning on or after 1st January 2009, 1st July 2009 and 1st January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1st January 2009

[4] Effective for annual periods beginning on or after 1st July 2009

[5] Effective for annual periods ending on or after 30th June 2009

[6] Effective for annual periods beginning on or after 1st July 2008

[7] Effective for annual periods beginning on or after 1st October 2008

[8] Effective for transfers of assets from customers received on or after 1st July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Revenue and Segment Information

Revenue recognized during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**571,610**	667,955
Sales of computer products and accessories and service income	**195,185**	265,409
	766,795	933,364

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(a) Primary reporting format – business segments

At 31st March 2009, 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.

	2009			
	Electronic Trading Business	**Computer Business**	**Unallocated**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**571,610**	**195,185**	**–**	**766,795**
Segment results	**7,050**	**(3,666)**	**436**	**3,820**
Finance costs				**(2,110)**
Share of profit of an associate	**–**	**368**	**–**	**368**
Profit before income tax				**2,078**
Income tax expense				**(2,469)**
Loss for the year				**(391)**

	2008			
	Electronic Trading Business	Computer Business	Unallocated	Group
	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

(b) Secondary reporting format – geographical segments

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

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Hong Kong	**544,485**	697,678
Asia Pacific	**150,764**	165,712
South Africa	**41,888**	40,088
Europe	**14,217**	19,985
Other countries	**15,441**	9,901
	766,795	933,364

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

3. Other Income

	2009	2008
	HK$'000	*HK$'000*
Management fee from an associate	**83**	132
Management fee from a third party	**953**	–
Service fee from an associate	**12**	48
Commission income	**3**	3
Interest income from bank deposits	**380**	620
Interest income from an associate	**56**	104
Other income	**726**	543
	2,213	1,450

4. Expenses by Nature

	2009	2008
	HK$'000	*HK$'000*
Costs of inventories expensed	**644,425**	794,009
Employee benefit expense	**68,266**	66,077
Amortization of intangible assets (included in general and administrative expenses)	**907**	1,209
Depreciation of owned property, plant and equipment	**4,153**	4,427
Impairment of goodwill (included in general and administrative expenses)	**–**	635
Provision for impairment of trade receivables (included in general and administrative expenses)	**1,948**	2,371
(Reversal of provision)/ provision for slow-moving inventories (included in cost of sales)	**(2,886)**	37
Operating lease rentals in respect of rented premises	**10,520**	10,883
Auditors' remuneration	**950**	600
Gain on disposal of property, plant and equipment	**(20)**	(147)
Gain on disposal of subsidiaries	**–**	(10)
Net foreign exchange losses/(gains)	**5,965**	(903)

5. Finance Costs

	2009	2008
	HK$'000	*HK$'000*
Interest expense on short-term bank loans, wholly repayable within five years	**2,110**	3,775

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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.

	2009	2008
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**1,462**	2,427
– Overseas taxation	**1,497**	3,146
– Over-provision in prior years	**(206)**	(235)
Deferred income tax	**(284)**	(130)
Income tax expense	**2,469**	5,208

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:

	2009	2008
	HK$'000	*HK$'000*
Profit before income tax	**2,078**	19,618
Tax calculated at Hong Kong profits tax rate of 16.5% (2008: 17.5%)	**343**	3,433
Effect of different tax rates of subsidiaries operating in other countries	**388**	1,163
Tax losses of subsidiaries not recognized	**1,378**	789
Utilization of previously unrecognized tax losses	**(84)**	(76)
Over-provision in prior years	**(206)**	(235)
Others	**650**	134
Income tax expense	**2,469**	5,208

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

Mobicon Electronic Trading (Shenzhen) Limited ("MET"), being a foreign investment enterprise established in the free trade zone of Futian, Shenzhen, the People's Republic of China (the "PRC"), and with a financial year end date falling on 31st December, is subject to PRC enterprise income tax at the rate of 18%. No provision for PRC enterprise income tax has been made as MET is still in a tax loss position. MET is entitled to exemption from PRC enterprise income tax for the first two profitable years commencing from the year ended 31st December 2008 and a 50% reduction from normal PRC enterprise income tax for the three years following.

7. (Loss)/Earnings Per Share

The calculation of basic (loss)/earnings per share for the year ended 31st March 2009 is based on the Group's loss attributable to equity holders of the Company of approximately HK$1,946,000 (2008: profit of HK$10,300,000) and on the weighted average number of 200,000,000 (2008: 200,000,000) ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares in issue during the years ended 31st March 2009 and 2008.

8. Dividends

	2009	2008
	HK$'000	*HK$'000*
Interim dividend paid of HK2 cents (2008: HK2.5 cents) per ordinary share	**4,000**	5,000
Proposed final dividend of HK1 cent (2008: HK2 cents) per ordinary share	**2,000**	4,000
	6,000	9,000

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.

At a meeting held on 17th July 2009, the directors of the Company proposed a final dividend of HK1 cent per ordinary share in respect of the year ended 31st March 2009. 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 2010.

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:

	2009	2008
	HK$'000	*HK$'000*
0 to 60 days	**61,442**	80,053
61 to 120 days	**3,208**	8,120
121 to 180 days	**1,368**	2,187
181 to 365 days	**2,799**	1,593
Trade receivables	**68,817**	91,953
Less: provision for impairment of trade receivables	**(1,262)**	(2,493)
	67,555	89,460

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 2009, trade receivables of approximately HK$32,558,000 (2008: HK$53,303,000) 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:

	2009	2008
	HK$'000	*HK$'000*
0 to 60 days	**25,741**	42,194
61 to 120 days	**3,153**	8,034
121 to 180 days	**1,172**	1,482
181 to 365 days	**2,492**	1,593
	32,558	53,303

As at 31st March 2009, trade receivables of approximately HK$1,262,000 (2008: HK$2,493,000) were impaired. The amount of the provision was approximately HK$1,262,000 as at 31st March 2009 (2008: HK$2,493,000). 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:

	2009	2008
	HK$'000	*HK$'000*
At beginning of the year	**2,493**	1,220
Receivables written off as uncollectible	**(3,224)**	(1,122)
Provision for impairment of trade receivables	**1,948**	2,371
Exchange differences	**45**	24
At end of the year	**1,262**	2,493

10. Trade Payables

The aging analysis of trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 to 60 days	**38,856**	44,859
61 to 120 days	**1,275**	1,464
121 to 180 days	**217**	127
181 to 365 days	**953**	248
	41,301	46,698

FINANCIAL RESULT

Like many companies worldwide, the financial performance of the Company and its subsidiaries (the "Group") was inevitably affected by the global financial crisis, particularly in the second half of the year ended 31st March 2009. For the financial year ended 31st March 2009, the Group recorded a turnover of around (HK$767) million, representing a decrease of about (17.8%) compared to around HK$933 million in the previous year. Gross profit dropped by approximately (12.2%) to around (HK$122) million, compared to about HK$139 million last year while the gross profit margin slightly grew by approximately (1.1%) from about 14.9% last year to around (16%). The Group's operating profit amounted to approximately (HK$4) million (31st March 2008: HK$24 million), and the loss attributable to shareholders was approximately HK$1.9 million (profit attributable to shareholders as at 31st March 2008: HK$10.3 million). This represented loss per share of (HK$0.01) (earnings per share as at 31st March 2008: HK$0.052 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 1 cent per ordinary share for the year under review, totalling HK$2 million to the shareholders whose names appeared on the register of members on 26th August 2009. The final dividend, if approved, is expected to be paid on 2nd September 2009.

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 "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 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 Electronic Trading Business during the year under review dropped by approximately (14.4%) to about (HK$572) million from about HK$668 million in the previous year, while turnover of Computer Business recorded a decrease approximately (26.4%) to about (HK$195) million from about HK$265 million in the previous year.

For the year ended 31st March 2009, the Group's total operating expenses slightly increased by approximately (3%) to around (HK$121) million (31st March 2008: HK$117 million). The increase in general and administrative expenses during the year under review was mainly attributable to the increase in net exchange loss to HK$6 million (31st March 2008: net exchange gain approximately HK$903,000) of which about HK$1.8 million was derived from the devaluation of Australia dollars ("AUD") deposit. We wish to emphasis that the intention of holding the fixed time deposit in AUD had to earn higher yield on surplus funds and the Group does not ever have any exposure to any equity or currency accumulators. As at 31st March 2009, the amount of fixed time deposit in AUD held by the Group was approximately AUD830,000 and the Group considered that further exchange loans exposure on AUD was immaterial. Financial costs for the year sharply decreased by about (45%) to approximately (HK$2.1) million (31st March 2008: HK$3.8 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 (75%) and (25%) of the Group's total turnover for the fiscal year ended 31st March 2009 respectively.

According to the analysis on the two core business operations, the gross profit margin of the Electronic Trading Business stood at around (18.4%) (31st March 2008: about 18.3%) while that of the Computer Business was approximately (8.8%) (31st March 2008: about 6.4%). During the year under review, apart from flash memory cards, the Group has introduced batteries, computer peripherals and consumer electronic products for Computer Business, which contributed to the steady rise of gross profit margin of Computer Business.

Electronic Trading Business

Hong Kong

For the fiscal year ended 31st March 2009, the Group recorded a turnover of Electronic Trading Business of approximately (HK$572) million, this represented a decrease of about (14.4%), when compared to approximately HK$668 million for the last year.

During the year under review, the world economy turned into recession at the end of 2008 rapidly due to the economic tsunami. Many small-to-medium enterprises faced difficulties in applying financial loan, customers were forced to postpone new product developments. The impact of economic tsunami was especially great in US and European market. As a result, dropping in the production volume of the Group's customers has affected the Group's performance unavoidably.

Meanwhile, the Group has entered into agentship contracts with a number of brand-name vendors during the year under review including Nichicon (provider of Capacitors), Diodes (provider of standard products within the broad discrete and analog semiconductor markets), IRTek (provider of Thermal Camera and Infrared Thermometer) and Unisonic Technologies Company Limited (provider of integrated circuits and discrete components).

Overseas

During the year under review, the business of the Group's overseas subsidiaries recorded a turnover of approximately (HK$141) million, representing an increase of about (8.5%) when compared to approximately HK$130 million for the last year. The constant growth was mainly contributed by the South Africa subsidiary because the economy was less affected by the financial tsunami. Moreover the South Africa Government kept on investing in its infrastructure for the World Cup 2010. South Africa subsidiary was benefit from government's investment and more inventories were kept for fast delivery.

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: (71%, 20%, 5%, 2% and 2%) respectively of the Group's total turnover during the year under review.

Computer Retail Business

The Computer Retail Business, mainly the 腦 VideoCom 組裝電腦 operation, recorded a turnover of (HK$30) million for the year ended 31st March 2009, (for the year ended 31st March 2008: about HK$42 million), which represented a loss of around (HK$2.8) million, (for the year ended 31st March 2008: about HK$5.4 million). During the year under review, the loss of Computer Retail Business was greatly decreased because the Group has not only introduced wireless network products and a wide range of computer accessories to its retail shops, but also introduced own branded products like Jt, TECHGEAR and MEC™. In the meantime, the Group has reduced the sales of DIY computers and related components.

Computer Distribution Business

During the year under review, APower Holdings Limited, one of the subsidiaries of the Group carrying on the Computer Distribution Business, recorded a decrease in turnover by about (26%) from about HK$202 million to about (HK$149) million. The price of flash memory cards dropped dramatically during the year under review because of the excess supply, which caused the decrease in turnover.

Meanwhile, the Group has introduced a wide range of battery related products and promoted under the branding of Dr. Battery, which has further enlarged the Group's market share in computers market.

IT Outsourcing Services

The IT Outsourcing Services have recorded a decrease in turnover by about (24%) to about (HK$16) million from about HK$21 million during the year under review. As many of the Group's customers have postponed the investment in IT equipment, the demand of IT Outsourcing Services decreased correspondingly.

DEVELOPMENT STRATEGY AND OUTLOOK

Due to the worldwide credit crunch, many small-to-medium enterprises have difficulties in applying financial loan and so they would control inventory cautiously. Credit control is always the first priority in the Group's policy, and as the customer base of the Group is large, so the impact from single customers can be dispersed. At the same time, many manufacturers have postponed new products development in order to save cost and they urge to produce standard electronic products which have less risk in the long run. As the Group provides a wide range of product category, this helps the Group to get over the economic crisis easier and well position in resuming growth once the global economy begins to recover.

To reinforce "Local Brand Strategy" which is a key factor in brand management, introducing the Group's branded electronic products to overseas subsidiaries can increase the product category of the overseas subsidiaries and exposure of the Group's branded products out of Hong Kong. We believe that "Local Brand Strategy" not only benefits the Group in long term development, brand management and inventory control, but also helps to enlarge the customer base and market share of branded products. Meanwhile, in order to strengthen ASEAN sales network, the Group will set up a sales and logistic office in Thailand to serve its local customers. Vendors appreciate our ASEAN sales network and work closely with the Group to offer best solutions to specific customers.

With regard to the Computer Business, the Group is keen on promoting consumer electronic products including Digital Photo Frames, mobile storage devices, iPod/iPhone peripherals and computer accessories under the branding of TECHGEAR, JT and MEC™ respectively. The new subsidiary of the Group, Maxfair Distribution Limited, is professional in product sourcing and design which are the most important parts in supply chain. Together with the extensive distribution network from APower, synergy effect will be resulted in the foreseeable future.

Meanwhile, the Group has set up a new and model shop at the Kingswood Ginza in Tin Shui Wai in June 2009. In long term, this benefits the Group by expanding the business coverage to location out of traditional computer centers where the competition is keen, and the Group can further extend the customer base by attracting new local customers.

To weather the current financial crisis, it is imperative that the Group will continue to stay close to our customers while proactively monitoring and responding to the changing market situation. Besides, we would also keep on sharpening our resource planning, as well as tightening cost, credit and inventory controls.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has a strong financial foundation. As at 31st March 2009, it had cash and bank balances of approximately (HK$35) million (as at 31st March 2008: HK$42 million). About (44%) and (28%) were denominated in Hong Kong dollars and US dollars respectively. The balance of approximately (12%, 7%, 4%, 3%, 1% and 1%) of its total cash and bank balances were correspondingly denominated in Australian dollars, Chinese Renminbi, South African Rand, Malaysia Ringgit, Singapore dollars and New Taiwan dollars. The Group's total assets amounted to approximately (HK$272) million (as at 31st March 2008: HK$313 million). Net assets per share amounted to approximately (HK$0.88) (as at 31st March 2008: HK$0.94). Dividend earnings and basic losses per share were approximately (HK$0.03) and (HK$0.01) respectively (as at 31st March 2008: HK$0.045 and basic earnings per share HK$0.052 respectively).

As at 31st March 2009, the Group had banking facilities for overdrafts, loans and trade finance from several banks totalling approximately (HK$230) million (as at 31st March 2008: HK$272 million), with an unused balance of approximately (HK$189) million (as at 31st March 2008: HK$216 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 2009, the total borrowings of the Group were approximately (HK$41) million (as at 31st March 2008: HK$56 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 2009 were denominated in Hong Kong dollars. The short-term loans and trade finance were secured by the Company's corporate guarantees of around (HK$232) million (as at 31st March 2008: HK$277 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 (1% to 5.45%) per annum (for the year ended 31st March 2008: 2.5% to 6.5% per annum).

GEARING RATIO

As at 31st March 2009, the Group's gross borrowing, which was repayable within one year, amounted to approximately (HK$41) million (as at 31st March 2008: HK$56 million). After deducting cash and cash equivalents of approximately (HK$35) million, the Group's net borrowings amounted to approximately (HK$6) million (as at 31st March 2008: HK$14 million). Total equity as at 31st March 2009 was approximately (HK$176) million (as at 31st March 2008: HK$189 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, decreased to (3%) (as at 31st March 2008: 8%).

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 2009, 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 2009.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March 2009, the Group had total outstanding operating lease commitments of approximately (HK$15) million (as at 31st March 2008: HK$18 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 2009.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2009, the Group had total of (474) 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, so staffs are encouraged to join various reinforcement programs. The Group has arranged the staff to join the seminar about Corporate Governance which was held by Hong Kong Productivity Council and professional course about 5-S which was organized by The Hong Kong Polytechnic University to smoothen the daily operation of the staffs.

In order to further understand the market trend, the Group has joined the REACH Training Session which was jointly held by our customer, VTech Electronics Limited and a test laboratory, Bureau Veritas Hong Kong Limited. By this training, the Group was more familiar with the international standard of RoHS (Restriction of the Use of Certain Hazardous Substances) and REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemical substances). The Group believes that there is huge opportunity in China market. Therefore the Group has joined many investigation tours to Jinag Men, He Fei, He Yuan, etc, in order to explore new business opportunity.

Staff members are important assets to an enterprise. To recognize their contributions and to boost their morale, the Group not only awards certificates to staff members in each department who perform outstandingly for each quarter, but also presents rewards of the best attendance, the most number of client visit and the greatest breakthrough in sales performance according to staff's attendance record, number of customer visit 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 and Father's Day 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 23rd August 2009 to 26th August 2009, during which no transfer of shares will be effected, and the final dividend will be paid on 2nd September 2009. 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 Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21st August 2009.

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. The Company has complied with this code provision most of the time during the year under review up to 23rd March 2009 when Ms. Yeung Man Yi, Beryl, the Chief Executive Officer ("CEO") of the Company has been appointed as the Acting Chairman of the Company with effect from 24th March 2009 until the next annual general meeting of the Company.

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. A special resolution will be proposed at the forthcoming annual general meeting of the Company to amend Bye-law 115 so as to comply with the relevant requirement under Code Provision A.4.2. 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 2009 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 2009.

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
Yeung Man Yi, Beryl
Chief Executive Officer

Hong Kong, 17th July 2009

As at the date of this announcement, the Board comprises 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.