SINCE 1983

MOBICON GROUP LIMITED

萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

RESULTS

The Board of Directors (the "Board") of Mobicon Group Limited (the "Company") hereby announces the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 (the "Period") together with comparative figures for the corresponding period in 2008. These unaudited interim results have not been audited by the Company's auditor, but have been reviewed by the Audit Committee of the Company.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Note	Six months ended 30 September 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Revenue	2	**343,848**	460,181
Cost of sales		**(289,534)**	(389,310)
Gross profit		**54,314**	70,871
Other income		**1,032**	714
Distribution and selling expenses		**(21,995)**	(23,402)
General and administrative expenses		**(28,716)**	(37,814)
Operating profit	3	**4,635**	10,369
Finance costs	4	**(489)**	(1,087)
Share of profit of an associate		**36**	323
Profit before income tax		**4,182**	9,605
Income tax expense	5	**(2,313)**	(3,530)
Profit for the period		**1,869**	6,075
Other comprehensive income:			
Currency translation differences		**5,903**	(685)
Total comprehensive income for the period		**7,772**	5,390
Attributable to:			
Equity holders of the Company		**1,012**	4,112
Minority interests		**857**	1,963
		1,869	6,075
Dividends	6	**1,000**	4,000
Earnings per share for profit attributable to the equity holders of the Company during the period			
– Basic and diluted	7	**HK0.5 cents**	HK2.1 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

	Note	**As at 30 September 2009 (Unaudited) HK$'000**	As at 31 March 2009 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**13,343**	13,508
Investment in an associate		**621**	724
		13,964	14,232
Current assets			
Inventories		**149,753**	144,241
Trade receivables	8	**90,485**	67,555
Other receivables		**8,049**	8,844
Current income tax recoverable		**1,650**	1,678
Cash and bank balances		**41,002**	35,185
		290,939	257,503
Total assets		**304,903**	271,735
Current liabilities			
Trade payables	9	**56,934**	41,301
Other payables		**15,865**	13,291
Short-term bank loans		**48,329**	40,505
Current income tax liabilities		**1,724**	367
		122,852	95,464
Net current assets		**168,087**	162,039
Total assets less current liabilities		**182,051**	176,271
Non-current liabilities			
Deferred income tax liabilities		**189**	181
Net assets		**181,862**	176,090
Capital and reserves attributable to the Company's equity holders			
Share capital		**20,000**	20,000
Reserves		**142,752**	139,649
		162,752	159,649
Minority interests		**19,110**	16,441
Total equity		**181,862**	176,090

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2009 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2009.

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2009, except as stated below.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning on 1 April 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 8	Operating Segments

HKAS 1 (Revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the consolidated statement of comprehensive income) or two statements (the consolidated income statement and consolidated statement of comprehensive income).

The Group has elected to present one performance statement: the consolidated statement of comprehensive income. The interim financial information has been prepared under the revised disclosure requirements.

HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Thus, the Group is currently organized into two reportable segments which are electronic trading business and computer business.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors of the Company (the "Executive Directors") who collectively make strategic decision.

Following the adoption of HKFRS 8, the presentation of the segment information has changed (see note 2 for details).

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning on 1 April 2009, but are currently not relevant to the Group:

HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 April 2009 and have not been early adopted:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

In addition, the Hong Kong Institute of Certified Public Accountants also published a number of amendments to existing standards under its annual improvement project. These amendments are not expected to have a significant financial impact on the results of operations and financial position of the Group.

2. Revenue and Segment Information

Revenue recognized during the period is as follows:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue		
Sales of electronic components, automation parts and equipment	**268,843**	348,312
Sales of computer products and accessories and service income	**75,005**	111,869
	343,848	460,181

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors have reviewed the Group's internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. The Executive Directors have further considered the business from product perspective and have assessed the performance of two main business segments: (i) Electronic Trading Business – Distribution of electronic components, automation parts and equipment; and (ii) Computer Business – Retail sales of computer products and accessories, distribution of computer products and provision of IT outsourcing and solution services.

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

Business segments

	Six months ended 30 September 2009 (Unaudited)			
	Electronic Trading Business HK$'000	**Computer Business HK$'000**	**Unallocated HK$'000**	**Group HK$'000**
Revenue	**268,843**	**75,005**	**–**	**343,848**
Segment results	**6,455**	**(1,881)**	**61**	**4,635**
Finance costs				**(489)**
Share of profit of an associate				**36**
Profit before income tax				**4,182**
Income tax expense				**(2,313)**
Profit for the period				**1,869**
Other segment information:				
Depreciation	**171**	**1,553**	**–**	**1,724**
Provision for impairment of trade receivables	**810**	**2**	**–**	**812**
Provision for slow moving inventories	**1,293**	**118**	**–**	**1,411**

	Six months ended 30 September 2008 (Unaudited)			
	Electronic Trading Business HK$'000	Computer Business HK$'000	Unallocated HK$'000	Group HK$'000
Revenue	348,312	111,869	–	460,181
Segment results	11,813	(1,646)	202	10,369
Finance costs				(1,087)
Share of profit of an associate				323
Profit before income tax				9,605
Income tax expense				(3,530)
Profit for the period				6,075
Other segment information:				
Depreciation	2,005	340	–	2,345
Provision for impairment of trade receivables	1,425	31	–	1,456
Provision for slow moving inventories	2,762	26	–	2,788

3. Expenses by Nature

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of inventories expensed	**289,534**	389,310
Employee benefit expense	**30,123**	32,072
Amortization of intangible assets (included in general and administrative expenses)	**–**	605
Depreciation of owned property, plant and equipment	**1,724**	2,345
Provision for slow-moving inventories (included in cost of sales)	**1,411**	2,788
Operating lease rentals in respect of rented premises	**5,762**	4,979
Provision for impairment of trade receivables (included in general and administrative expenses)	**812**	1,456
Net foreign exchange (gain)/loss	**(2,674)**	1,758
Loss on disposal of property, plant and equipment	**1**	2

4. Finance Costs

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest expense on short-term bank loans, wholly repayable within five years	**489**	1,087

5. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**776**	1,684
– Overseas taxation	**1,537**	1,882
– Over-provision in prior periods	**–**	(36)
Income tax expense	**2,313**	3,530

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before income tax	**4,182**	9,605
Tax calculated at Hong Kong profits tax rate of 16.5% (2008: 16.5%)	**690**	1,585
Effect of different tax rates of subsidiaries operating in other countries	**789**	675
Income not taxable for tax purpose	**(265)**	–
Expenses not-deductible for tax purposes	**190**	336
Over-provision in prior periods	**–**	(36)
Others	**909**	970
Income tax expense	**2,313**	3,530

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 31 December, is subject to PRC enterprise income tax at the rate of 18%. No provision for PRC enterprise income tax has been made as MET is still in a tax loss position. MET is entitled to exemption from PRC enterprise income tax for the first two profitable years commencing from the year ended 31 December 2008 and a 50% reduction from normal PRC enterprise income tax for the three years following.

6. Dividends

At a meeting held on 16 December 2009, the directors of the Company proposed an interim dividend of HK$0.005 (2008: HK$0.02 per ordinary share) for the six months ended 30 September 2009. This interim dividend will be payable on 15 January 2010 to shareholders whose names appear on the Register of Members of the Company as at 8 January 2010.

7. Earnings Per Share

The calculation of basic earnings per share for the six months ended 30 September 2009 is based on the Group's profit attributable to equity holders of the Company of approximately HK$1,012,000 (2008: HK$4,112,000) and on the weighted average number of 200,000,000 ordinary shares (2008: 200,000,000 ordinary shares) in issue during the period.

The Company has no dilutive potential ordinary shares in issue during the six months ended 30 September 2009 and 2008.

8. Trade Receivables

The Group normally grants to its customers credit periods for sales of goods ranging from 7 to 90 days. The aging analysis of trade receivables is as follows:

	As at 30 September 2009 (Unaudited) HK$'000	As at 31 March 2009 (Audited) HK$'000
0 to 60 days	**80,351**	61,442
61 to 120 days	**5,410**	3,208
121 to 180 days	**3,384**	1,368
181 to 365 days	**3,287**	2,799
Trade receivables	**92,432**	68,817
Less: Provision for impairment of trade receivables	**(1,947)**	(1,262)
	90,485	67,555

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.

9. Trade Payables

The aging analysis of trade payables is as follows:

	As at 30 September 2009 (Unaudited) HK$'000	As at 31 March 2009 (Audited) HK$'000
0 to 60 days	**55,548**	38,856
61 to 120 days	**1,228**	1,275
121 to 180 days	**68**	217
181 to 365 days	**90**	953
	56,934	41,301

FINANCIAL RESULTS

The Group recorded a turnover of around HK$344 million during the Period which represented a decrease of about 25% on the turnover of around HK$460 million for the six months ended 30 September 2008 (the "Corresponding Period"). The decrease in turnover was mainly due to the global economic crisis which swept across the world in October 2008.

During the period, the Group's gross profit dropped by approximately 24% to around HK$54 million from last year's figure of about HK$71 million while the gross profit margin stood at around 15.8% (Corresponding Period: about 15.4%). Having analyzed the two core business operations, the gross profit margin of the distribution of electronic components, automation parts and equipment under the service branding (the "Electronic Trading Business") was approximately 16.9% (Corresponding Period: about 18.1%) while that of Computer Business increased significantly to 11.9%. (Corresponding Period: about 7.1%). The Group's operating profit decreased by about 56% from HK$10.4 million in the Corresponding Period to around HK$4.6 million during the Period. Total operating expenses for the Period decreased by 16% to around HK$51 million (Corresponding Period: approximately HK$61 million).

The Group had successfully scaled down its overall expenses and improved its cost efficiency during the Period. Selling and Distribution expenses decreased by 4% from HK$23 million to HK$22 million, while general and administrative expenses fell by HK$9 million or 24%, from HK$38 million to HK$29 million for the same period in 2009. These demonstrated the effectiveness of the Group's stringent cost savings measures which had been introduced shortly after the beginning of the global financial crisis. Financial costs for the Period sharply decreased by about 55% to approximately HK$0.5 million (Corresponding Period: approximately HK$1.1 million).

Accordingly, the profit attributable to equity holders of the Company was approximately HK$1 million (Corresponding Period: approximately HK$4.1 million), resulting a drop of about 76% compared with the Corresponding Period, representing basic earnings per share of HK$0.005. The Board has resolved to declare an interim dividend of HK0.5 cents per ordinary share (the Corresponding Period: HK2.0 cents per ordinary share) for the period ended 30 September 2009, totaling HK$1 million.

BUSINESS REVIEW

During the Period, the Group continued to focus on its two core business operations, namely: (1) the Electronic Trading Business; and (2) the Computer Business which includes (i) the retail sales of computer products and accessories under the retail branding (the "Computer Retail Business"); (ii) the distribution of computer products 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 78% and 22% of the Group's total turnover respectively for the Period.

Electronic Trading Business

The turnover of the Group's Electronic Trading Business during the Period decreased by 23% to approximately HK$269 million, which compared to approximately HK$348 million in the Corresponding Period.

Hong Kong

The global economy turned into recession in October 2008. The impact of the economic tsunami extended to the end of year 2009. Many customers, especially those in toys and consumer electronics industry, were cautious when they considered placing orders, and many new product developments were postponed. Therefore, the Group's performance during the period was unavoidably affected by the worldwide economic crisis. Notwithstanding the above, the Group strictly controlled the inventory level and staff headcount, which have decreased by about 14% and 11% respectively when comparing with Corresponding Period. The Group believed that this can alleviate the impact of the financial tsunami.

Meanwhile, the Group has signed agency agreements with Pointec Technology Co. Limited for the Hong Kong region during the Period. Being a VLSI memory chips supplier, Pointec focuses on memory R&D, design, testing and provides quality memory product solutions.

Overseas

During the Period, the aggregate turnover of all the Group's overseas subsidiaries was approximately HK$72 million, which represented a drop of approximately 13% compared with HK$83 million in the Corresponding Period. The drop was mainly attributed by the results of our subsidiary in Singapore. Most of the customers of our Singapore subsidiary were engaged in providing electronic manufacturing service and were mainly from the USA and Europe; they were heavily affected by the financial tsunami. As a result, the turnover of our Singapore subsidiary decreased by 14% to HK$30 million during the Period, compared with HK$35 million in Corresponding Period.

Meanwhile, the performance of the South Africa subsidiary remained stable and the turnover was about HK$24 million during the period (Corresponding Period: approximately HK$24 million).

In terms of geographical segments, the turnover from Hong Kong, the Asia-Pacific region (other than Hong Kong), South Africa, Europe and other regions accounted for 67%, 22%, 7%, 2% and 2% respectively of the Group's total turnover.

Computer Business

During the Period, the turnover from Computer Business decreased significantly by 33% from HK$112 million in Corresponding Period to HK$75 million while the gross profit margin of Computer Business increased remarkably from 7.1% in the Corresponding Period to 11.9%.

Computer Retail Business

The Group expanded its retail coverage continuously to trendy shopping mall during the Period. In June 2009, the Group has opened a new shop at the Kingswood Ginza in Tin Shui Wai. At the same time, the Group has enhanced its operation cost control policy on retail outlets which greatly decreased the loss by about 11% from HK$1.9 million in Corresponding Period to HK$1.7 million for the period.

Computer Distribution Business & IT Outsourcing Services

During the Period, the turnover of APower Holdings Limited, a subsidiary of the Company, declined significantly by 39% from HK$89 million in the Corresponding Period to HK$54 million. The main reason was the decrease in the price of the flash memory which has dropped by 45% when compared with that in the Corresponding Period. As flash memory has accounted for 70% of total business for APower Holdings Limited, the drop in the flash memory price has resulted in significant impact to this subsidiary's performance. Nevertheless, by introducing new and high profit margin products, such as Digital Photo Frames, Notebook Reading Tables, Flat Speakers and HDMI Movie Boxes in our own branding, APower Holdings Limited experienced in an increase in Gross Profit Margin from 4.5% in Corresponding Period to 7.1% during the period.

Another subsidiary of the Company, AESI (HK) Limited has recorded a decrease in turnover by 22% from HK$9 million in the Corresponding Period to HK$7 million for the period. Most of the enterprises have postponed their investment in hardware and software, not only because of the economic crisis, but also the waiting for the launch of Window 7.

In August 2009, Maxfair Distribution Limited, another subsidiary of the Company, became the sole distributor of G-Cube in HK and Macau. G-Cube is specially designed for women, and the products are not only stylish, but are also targeted to meet the needs of the female market. The main products are computer peripherals such as mouses, mouse pads and laptop bags.

OUTLOOK

The Group foresees the great potential in China market. Therefore, in the coming future, the Group will put more resources in business development in China. Five new selling points are planned to be set up in the north of China. It is expected that this potential market will provide the Group with many business opportunities.

Regarding the computer business, the Group will further expand the retail coverage. Two retail outlets will be set up in Tseung Kwan O Metro City Plaza and Shatin Centre Shopping Arcade in October 2009. As these two new shops are located in trendy shopping malls, the Group believes that it can increase the exposure of the Group's brands and enhance the brand position in market.

At the meantime, products with high profit margin will be introduced to the Group's computer business, including Digital Photo Frames, Notebook Reading Tables and Flat Speakers. Two new models of digital photo frame with sizes 12" and 15" under the brand TECHGEAR will be newly launched at the end of 2009. The Group strongly believes that it can attract new customers and further expand the customer base.

Brand management is a long term strategy of the Group. The Group will introduce different products into JT, TECHGEAR and MEC™ so as to diversify the product varieties. In order to penetrate the local market, a special team has been formed to arrange road shows in different local districts. This aggressive strategy will certainly strengthen the brand's popularity in the local market.

Simultaneously, the Group will introduce the Group's brand products to the overseas market by making use of the Group global subsidiaries network. MEC™ UK power bar will be introduced to Malaysia and Singapore market at the end of 2009.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2009, the Group's cash and bank balances amounted to approximately HK$41 million and the net current assets were approximately HK$168 million. As at 30 September 2009, the current ratio stood at 2.4 which dropped slightly from 2.7 as recorded as at 31 March 2009. Out of the Group's cash and bank balances, about 39% and 30% were denominated in Hong Kong dollars and US dollars respectively. The balance of approximately 14%, 11%, 3%, 1%, 1% and 1% of its total cash and bank balances were correspondingly denominated in Australian dollars, South African Rand, Chinese Renminbi, Malaysia Ringgit, Singapore dollars and New Taiwan dollars.

The Group generally finances its operation by internally generated resources and banking facilities provided by several banks in Hong Kong. As at 30 September 2009, the Group had banking facilities for overdrafts, loans and trade finance from several banks totaling approximately HK$168 million (as at 31 March 2009: approximately HK$230 million), with an unused balance of approximately HK$120 million (as at 31 March 2009: approximately HK$189 million). During the Period, the Group's borrowings bore interest at rates ranging from 1% to 2.67% per annum (as at 31 March 2009: ranging from 1% to 5.45% per annum). The Directors believe that the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

Compared with audited balances as at 31 March 2009, the Group's trade receivable increased by 34% to HK$90 million whereas trade payable and inventories increased by 38% to HK$57 million and 4% to HK$150 million respectively. The substantial increase in accounts receivable was in line with the traditional trend of stronger sales performance in the third quarter compared with that in the first quarter of each calendar year which gave a higher accounts receivable balance as at 30 September 2009. The debtor turnover days and creditor turnover days for the Period was 42 days and 30 days respectively (as at 31 March 2009: 37 days and 25 days respectively).

CAPITAL STRUCTURE

As at 30 September 2009, the Group's gross borrowing, which was repayable within one year, amounted to approximately HK$48 million (as at 31 March 2009: approximately HK$41 million). After deducting cash and cash equivalents of approximately HK$41 million, the Group's net borrowings amounted to approximately HK$7 million (as at 31 March 2009: approximately HK$6 million). Total equity as at 30 September 2009 was approximately HK$182 million (as at 31 March 2009: approximately HK$176 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, increased to 4% (as at 31 March 2009: 3%).

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 remain stable, and 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 adopted by the Group. As at 30 September 2009, the Group had no significant risk exposure in regard 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 30 September 2009.

COMMITMENT AND CONTINGENT LIABILITIES

As at 30 September 2009, the Group had total outstanding operating lease commitments of approximately HK$13 million (as at 31 March 2009: approximately HK$15 million). In view of the Group's high level of liquidity, it is expected that the Group will be able to fulfill all these commitments without any difficulty.

The Group had no significant contingent liabilities as at 30 September 2009.

EMPLOYMENT, TRAINING AND REMUNERATION

As at 30 September 2009, the Group's operations engaged a total of 451 full time employees (as at 31 March 2009: 474). The Group has also developed its human resources policies and procedures based on performance, merits and market condition. Discretionary bonus is linked to the performance of the Group as well as individual performance. Benefits include staff accommodation, medical scheme, share option scheme, Mandatory Provident Fund Scheme for employees in Hong Kong, Employment 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 5 January 2010 (Tuesday) to 8 January 2010 (Friday), both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at its office situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 January 2010 (Monday).

DEALINGS IN COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed shares during the six months ended 30 September 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the six months ended 30 September 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "Code") throughout the Period, except for the deviations stated below:

(i) According to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The roles of the Chairman and the CEO of the Company are not separated and are performed by the same individual, Ms. Yeung Man Yi, Beryl. The directors consider that this structure provides the Group with strong and consistent leadership in the Company's decision making and operational efficiency.

(ii) According to the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. None of the independent non-executive directors of the Company was appointed for specific term but all of them are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws. Pursuant to the code provision A.4.2 of the Code, all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment. Before the annual general meeting of the Company held on 26 August 2009 (the "AGM"), under the Bye-laws of the Company, any director appointed by the Board during the year shall retire and submit himself/herself for re-election at the first annual general meeting immediately following his/her appointment. As such, the Company considers that the Company's corporate governance practices in this regard are similar to those in the Code. In any event, a special resolution had been passed at the AGM to amend the relevant bye-law in order to comply with the relevant requirement of this code provision. Moreover, according to the Bye-laws of the Company, the Chairman and Managing Director are not subject to retirement by rotation or be taken into account in determining the number of directors to retire, which deviated from code provision A.4.2 of the Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes that the present arrangement is most beneficial to the Company and the shareholders as a whole.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group; it has also discussed with the directors about the internal controls and financial reporting matters including reviewing the unaudited condensed consolidated financial statements for the six months ended 30 September 2009. The Audit Committee comprises three independent non-executive directors, namely Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Chow Shek Fai.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Ms. 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 take this opportunity to express my gratitude to my fellow directors and all members of the staff for their loyalty and dedication and the continuous support from our customers, suppliers, bankers and shareholders.

By order of the Board
Yeung Man Yi, Beryl
Chief Executive Officer

Hong Kong, 16 December 2009