SINCE 1983

MOBICON GROUP LIMITED

萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

CONTINUING CONNECTED TRANSACTIONS

On 27 September 2010, Mantech Electronics (as tenant), an indirect 51% owned subsidiary of the Company, entered into two new leases with UGD Property and Tiger Moth respectively (as landlords) in respect of the lease of certain business units in New Centre and Greyville in South Africa respectively, each for a term of three years commencing from 1st October 2010 to 30th September 2013. Each of UGD Property and Tiger Moth is a company wholly-owned by Mr. Moutinho, a connected person of the Company.

The Leases constitute continuing connected transactions of the Company under the Listing Rules.

The Board confirms that the aggregate rentals payable under the Leases in each financial year does not exceed the relevant thresholds as set out in Rule 14A.34 of the Listing Rules and therefore, the Transactions fall under Rule 14A.34 of the Listing Rules and are only be subject to the annual review, reporting and announcement requirements as set out in Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.47 of the Listing Rules.

This announcement is made by the Board pursuant to Rule 14A.47 of the Listing Rules.

DETAILS OF THE TRANSACTIONS

THE FIRST LEASE

Parties

Lessor:	UGD Property (Pty) Ltd.
Lessee:	Mantech Electronics (Proprietary) Limited, an indirect 51% owned subsidiary of the Company

* *For identification purpose only*

Properties leased by the Group under the First Lease

The garage, Ground Floor, mezzanine areas of 32 Laub Street and the First Floor of 30 Laub Street including the goods lift and all parking bays of Erf 45, 47 and 49 New Centre Township corresponding to 30 and 32 Laub Street New Centre, Johannesburg, the South Africa with a total leased area of approximately 3,030 sq. m.

Term of the First Lease

Three (3) years commencing from 1st October 2010 to 30th September 2013

Consideration

The monthly rental payable under the First Lease shall be:

(1) ZAR 75,750 (approximately HK$84,840) per month for the period from 1st October 2010 to 30th September 2011;

(2) ZAR 83,325 (approximately HK$93,324) per month for the period from 1st October 2011 to 30th September 2012; and

(3) ZAR 91,658 (approximately HK$102,657) per month for the period from 1st October 2012 to 30th September 2013.

The above rentals under the First Lease were arrived at after arm's length negotiations and with reference to the valuation prepared by Actio Prosperitas Property (Pty) Limited, an independent local registered estate agent, on 17 September 2010, which confirmed that the proposed rental of ZAR 25.00 per sq. m. is in line with the prevailing rental rates in the relevant area and that the proposed annual escalation rate of 10% compound is also in line with current escalation rates.

The rentals will be settled by the internal resources of the Group.

THE SECOND LEASE

Parties

Lessor: Tiger Moth Trading No.53 (Pty) Ltd.

Lessee: Mantech Electronics (Proprietary) Limited, an indirect 51% owned subsidiary of the Company

Properties leased by the Group under the Second Lease

Rear section of 12 Lennox Road, Greyville, Durban, the South Africa with a total leased areas of 460 sq. m.

Term of the Second Lease

Three (3) years commencing from 1st October 2010 to 30th September 2013

Consideration

The monthly rental payable under the Second Lease shall be:

(1) ZAR 24,290 (approximately HK$27,205) per month for the period from 1st October 2010 to 30th September 2011;

(2) ZAR 26,719 (approximately HK$29,925) per month for the period from 1st October 2011 to 30th September 2012; and

(3) ZAR 29,390 (approximately HK$32,917) per month for the period from 1st October 2012 to 30th September 2013.

The above rentals under the Second Lease were arrived at after arm's length negotiations and with reference to the valuation prepared by Actio Prosperitas Property (Pty) Limited, an independent local registered estate agent, on 17 September 2010, which confirmed that the proposed rental of ZAR 52.80 per sq. m. is in line with, if not below, the prevailing rental rates in the relevant area and that the proposed annual escalation rate of 10% compound is also in line with current escalation rates.

The rentals will be settled by the internal resources of the Group.

REASONS FOR ENTERING INTO THE LEASES

The Group intends to continue to use the premises under the Leases as offices for the Group's operations in South Africa. By entering into the Leases, the Board considers that it would help saving (i) the administrative charges to secure alternative premises in location, area and layout comparable to the premises under the Leases (the "Alternative Comparable Premises"), (ii) the removal and relocation costs and incidental expenses for moving to the Alternative Comparable Premises, and (iii) all renovation and setting-up expenses for rendering the Alternative Comparable Premises fit to be used for the business operations carried on by the Group in South Africa.

LISTING RULES IMPLICATIONS

Each of UGD Property and Tiger Moth is a company wholly-owned by Mr. Moutinho, a director of Mantech Electronics, Langa Holdings (Proprietary) Limited and Mobicon-Mantech Holdings Limited (all are subsidiaries of the Company) and owns 49% interest in Mobicon-Mantech Holdings Limited. Therefore, the Leases constitute continuing connected transactions of the Company under the Listing Rules.

The Board confirms that each of the relevant percentage ratios will, on an annual basis, be less than 5% for the purpose of Rule 14A.34 of the Listing Rules. The Transactions are therefore only subject to the annual review, reporting and announcement requirements as set out in Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.47 of the Listing Rules.

The Board also confirms that in any financial year, the aggregate amount payable in respect of the Transactions will not exceed ZAR3,973,584, which cap amount is determined by reference to and on the basis of the terms of the Leases. In this connection, the Board sets out hereinbelow the aggregate rentals payable to UGD Property and Tiger Moth by Mantech Electronics under the Leases during the period from 1st October 2010 to 30th September 2013:

Period	Aggregate rentals paid *(ZAR)*
1st October 2010 to 30th September 2011	1,200,480
1st October 2011 to 30th September 2012	1,320,528
1st October 2012 to 30th September 2013	1,452,576

The Board (including the independent non-executive Directors) considers that the Transactions have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms or on terms no less favourable to the Company than terms available from independent third parties, and are fair and reasonable and in the interests of the shareholders of the Company as a whole. The terms of the Transactions also reflect an arm's length negotiations on normal commercial terms. None of the Directors has a material interest in the Transactions.

The Board further confirms that save for the Old Leases and the Leases, the Group has not entered into any other continuing connected transaction with Mr. Moutinho or his associates that was entered into within the preceding 12-month period. The Board further confirms that the Old Leases constituted fully exempt continuing connected transactions under the then Rule 14A.33(3) of the Listing Rules.

GENERAL

The Board further confirms that the Group is principally engaged in the trading and distribution of electronic parts, components, equipment, and trading, distribution and retail sale of computer products and accessories whilst the principal activity of each of UGD Property and Tiger Moth is holding of properties and investments.

TERMS USED IN THIS ANNOUNCEMENT

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Company"	Mobicon Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 1213)
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Directors"	the directors of the Company (including the independent non-executive directors of the Company) and "Director" shall mean any one of them
"First Lease"	the new lease dated 27 September 2010 entered into between UGD Property as landlord and Mantech Electronics as tenant

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Leases"	the First Lease and the Second Lease
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mantech Electronics"	Mantech Electronics (Proprietary) Limited, an indirect 51% owned subsidiary of the Company
"Mr. Moutinho"	Mr. Manny Moutinho, a connected person of the Company
"Old Leases"	the two leases previously entered into between Mantech Electronics on the one part and UGD Property and Tiger Moth respectively on the other part which were renewed by the Leases
"Second Lease"	the new lease dated 27 September 2010 entered into between Tiger Moth as landlord and Mantech Electronics as tenant
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tiger Moth"	Tiger Moth Trading No.53 (Pty) Ltd., a company incorporated in South Africa which is wholly-owned by Mr. Moutinho and the landlord under the Second Lease
"Transactions"	the transactions under the Leases
"UGD Property"	UGD Property (Pty) Ltd., a company incorporated in South Africa which is wholly-owned by Mr. Moutinho and the landlord under the First Lease
"ZAR"	South African Rand, the lawful currency of South Africa
"%"	per cent
"sq. m."	square metres

By Order of the Board
Mobicon Group Limited
Madam Yeung Man Yi, Beryl
Chief Executive Officer

Hong Kong, 27 September 2010

As at the date of this announcement, the board of directors of the Company 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.