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 28th January 2011, (i) Videocom, a wholly-owned subsidiary of the Company (as tenant) and M-Bar (as landlord) entered into agreements to renew certain tenancies in respect of certain shops in Golden Shopping Centre and Wonder Building; (ii) MHL, a wholly-owned subsidiary of the Company (as tenant) and M-Bar (as landlord) entered into agreements to renew certain tenancies in respect of certain premises in New Trend Centre and Efficiency House; (iii) Videocom (as tenant) and Mr. Yeung Kwok Leung, Allix (as landlord) entered into an agreement to renew certain tenancies in respect of certain shops in Wonder Building; and (iv) Videocom (as tenant) and Madam Wan Lam Keng (as landlord) entered into an agreement to renew certain tenancies in respect of certain shops in Wonder Building. Each of the tenancies constituting the New Tenancy Agreements is for a term of three years commencing from 1st February 2011 and expiring on 31st January 2014 (both dates inclusive).

M-Bar is a company beneficially owned in its ordinary share capital as to 30% by Madam Yeung Man Yi, Beryl, 20% by Mr. Hung Ying Fung and 20% by Mr. Yeung Kwok Leung, Allix, all of whom being the executive directors of the Company, and as to the remaining 30% by Dr. Hung Kim Fung, Measure, the founder and controlling shareholder of the Company and the spouse of Madam Yeung Man Yi, Beryl. Madam Wan Lam Keng is the spouse of Mr. Yeung Kwok Leung, Allix who is an executive director of the Company. Thus, the New Tenancy Agreements constitute continuing connected transactions of the Company under the Listing Rules.

The Board confirms that the aggregate rentals payable under the New Tenancy Agreements 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 under the New Tenancy Agreements fall under Rule 14A.34 of the Listing Rules and are 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.

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

* *for identification purpose only*

DETAILS OF THE TRANSACTIONS

A. Renewal of tenancies between Videocom Technology (HK) Limited ("Videocom") and M-Bar Limited ("M-Bar")

On 28th January 2011, Videocom, a wholly-owned subsidiary of the Company (as tenant) and M-Bar (as landlord) entered into agreements to renew the tenancies in respect of the following shops for a term of three years commencing from 1st February 2011 to 31st January 2014 (both dates inclusive) at the respective monthly rentals as set out below (inclusive of rates, Government rent and management charges):–

	Premises	Gross Floor Area *(sq.ft.)*	Monthly Rental *(HK$)*	Deposits *(HK$)*	Use
1.	Unit No. 69 on the 1st Floor, Golden Shopping Centre, Golden Building, 94A Yen Chow Street, Shamshuipo, Kowloon	214	28,000	56,000	Shop
2.	Shop No. 7 on the 1st Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon	161	3,500	7,000	Shop
3.	Shop No. 8 on the 1st Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon	161	3,500	7,000	Shop
4.	Shop No. 32 on the 1st Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon	161	3,000	6,000	Shop

The tenancies of the above premises are collectively referred to in this announcement as the "First Tenancies".

The rentals in respect of the First Tenancies will be settled from the internal resources of the Company and its subsidiaries (collectively, the "Group").

The Group had previously leased from M-Bar the premises of Unit No. 32, 1st Floor, Golden Shopping Centre, Golden Building, 94A Yen Chow Street, Shamshuipo, Kowloon and Shop No. 36, 1st Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon (the "Old Tenancies") but had since terminated the Old Tenancies as the sales performance in those premises were not satisfactory. The board of directors of the Company (the "Board") confirms that no payment or any other liabilities are outstanding in respect of the Old Tenancies.

B. **Renewal of tenancies between Mobicon Holdings Limited ("MHL") and M-Bar**

On 28th January 2011, MHL, a wholly-owned subsidiary of the Company (as tenant) entered into agreements to renew the tenancies in respect of the following premises with M-Bar (as landlord) for a term of three years commencing from 1st February 2011 to 31st January 2014 (both dates inclusive) at the respective monthly rentals as set out below:–

	Premises	**Gross Floor Area** *(sq.ft.)*	**Monthly Rental** *(HK$)*	**Deposits** *(HK$)*	**Use**
1.	Private Car Parking Space No. 6 on the 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	4,000	Parking
2.	Private Car Parking Space No. 13 on the 4th Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	4,000	Parking
3.	Private Car Parking Space No. 24 on the 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	4,000	Parking
4.	Private Car Parking Space No. 25 on the 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	4,000	Parking
5.	Units 1-11 on the 7th Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	10,112	90,000	180,000	Office

	Premises	Gross Floor Area *(sq.ft.)*	Monthly Rental *(HK$)*	Deposits *(HK$)*	Use
6.	Units 1-4 on the 8th Floor and Private Car Parking Space No.7 on the 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	5,158	42,000	84,000	Office and (for the car park only) parking
7.	Units 1-9 on the 23rd Floor and Private Car Parking Space No. 6 on the 4th Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	8,532	73,000	146,000	Office and (for the car park only) parking
8.	Portion of the 3rd Floor, Efficiency House, 35 Tai Yau Street, San Po Kong, Kowloon	15,000	45,000	90,000	Storage
9.	1st Floor, Efficiency House, 35 Tai Yau Street, San Po Kong, Kowloon	20,000	60,000	120,000	Storage with ancillary office

MHL has the right to terminate any of the tenancies in respect of those premises in the New Trend Centre under the relevant new tenancy agreement at any time by giving to M-Bar not less than three (3) months' prior notice of termination. The rentals under the tenancies in respect of those premises in the New Trend Centre are exclusive of rates, Government rent and management charges whereas, the rentals under the tenancies in respect of those premises in the Efficiency House are inclusive of rates, Government rent and management charges.

The tenancies of the above premises are collectively referred to in this announcement as the "Second Tenancies".

The rentals in respect of the Second Tenancies will be settled from the internal resources of the Group.

C. **Renewal of tenancies between Videocom and Mr. Yeung Kwok Leung, Allix and Madam Wan Lam Keng ("Madam Wan") respectively**

On 28th January 2011, Videocom (as tenant) entered into an agreement to renew the tenancies in respect of the following premises with Mr. Yeung Kwok Leung, Allix and Madam Wan (as landlords) respectively for a term of three years commencing from 1st February 2011 to 31st January 2014 (both dates inclusive) at the respective monthly rentals as set out below (inclusive of rates, Government rent and management charges):–

	Premises	**Gross Floor Area** *(sq.ft.)*	**Monthly Rental** *(HK$)*	**Use**	**Deposits** *(HK$)*	**Landlord**
1.	Shop No. 13 on the Ground Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon	215	5,500	Shop	11,000	Mr. Yeung Kwok Leung, Allix
2.	Shop No. 14 on the Ground Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon	197	5,500	Shop	11,000	Mr. Yeung Kwok Leung, Allix
3.	Shop No. 8 on the Ground Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon	215	4,250	Shop/ Storage	8,500	Madam Wan
4.	Shop No. 15 on the Ground Floor, Wonder Building, Nos. 161-175 Fuk Wa Street, Shamshuipo, Kowloon	169	4,250	Shop/ Storage	8,500	Madam Wan

The tenancies of the above premises are collectively referred to in this announcement as the "Third Tenancies".

The rentals in respect of the Third Tenancies will be settled from the internal resources of the Group.

The above rentals of each of the First Tenancies, the Second Tenancies and the Third Tenancies (collectively, the "New Tenancy Agreements") remained the same as per the then existing tenancy agreements and were arrived at after arm's length negotiations and with reference to the valuation report prepared by DTZ Debenham Tie Leung Limited, an independent property valuer, dated 27th January 2011.

REASONS FOR ENTERING INTO THE NEW TENANCY AGREEMENTS

The Group intends to continue to use the premises under the New Tenancy Agreements as its retail shops, headquarter, offices and godown spaces for the Group's operation. By entering into the New Tenancy Agreements with M-Bar, Mr. Yeung Kwok Leung, Allix and Madam Wan respectively, the Board considers that it helps to save the administrative charges to secure alternative premises in location, area and layout comparable to the premises under the New Tenancy Agreements (the "Alternative Comparable Premises"). The Board also considers that it further helps to save the removal and relocation costs and incidental expenses for moving to the Alternative Comparable Premises, and all renovation and setting-up expenses for rendering the Alternative Comparable Premises fit to be used by the Group for its existing operations.

LISTING RULES IMPLICATIONS

M-Bar is a company beneficially owned in its ordinary share capital as to 30% by Madam Yeung Man Yi, Beryl, 20% by Mr. Hung Ying Fung and 20% by Mr. Yeung Kwok Leung, Allix, all of whom being the executive directors of the Company, and as to the remaining 30% by Dr. Hung Kim Fung, Measure, the founder and controlling shareholder of the Company and the spouse of Madam Yeung Man Yi, Beryl. Madam Wan is the spouse of Mr. Yeung Kwok Leung, Allix who is an executive director of the Company. The transactions under the New Tenancy Agreements (the "Transactions") therefore constitute continuing connected transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board confirms that each of the relevant percentage ratios for the Transactions will, on an annual basis, be less than 5% for the purpose of Rule 14A.34 of the Listing Rules and the Transactions are 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 rentals payable in respect of the Transactions will not exceed HK$4,506,000, which cap amount is determined by reference to and on the basis of the terms of the New Tenancy Agreements. In this connection, the Board sets out hereinbelow the aggregate rentals payable to M-Bar by Videocom or MHL (as the case may be) and payable to Mr. Yeung Kwok Leung, Allix and Madam Wan by Videocom under the New Tenancy Agreements during the period from 1st February, 2011 to 31st January 2014:–

Period	**Aggregate rentals payable** *(HK$)*
1st February 2011 to 31st March 2011	751,000
1st April 2011 to 31st March 2012	4,506,000
1st April 2012 to 31st March 2013	4,506,000
1st April 2013 to 31st January 2014	3,755,000

The Board (including the independent non-executive directors of the Company) 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 arm's length negotiations on normal commercial terms.

DTZ Debenham Tie Leung Limited, an independent property valuer, has also confirmed in its valuation report dated 27th January 2011 that the rental of each of the premises payable by the Group under the New Tenancy Agreements is fair and reasonable and at current comparable market rates or favourable to the Group.

The Board confirms that save for Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix who are the beneficial owners of M-Bar, none of the directors of the Company has a material interest in the New Tenancy Agreements. Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix have abstained from voting at the board meeting of the Company approving the New Tenancy Agreements.

On 18th November 2010, an agency agreement for the provision of training and various other transactions (the "Other Transactions") was entered into by MHL and two entities, one of which is indirectly owned as to 60% by Dr. Hung Kim Fung, Measure. The Board confirms that since the Other Transactions fall under the de minimis transaction exemption under Rule 14A.33(3) of the Listing Rules, no reporting, annual review or independent shareholders' approval is required.

The Board further confirms that save for the New Tenancy Agreements and the Other Transactions, the Group has not entered into any other continuing connected transactions with any of the directors of the Company or their respective associates within the preceding 12-month period.

GENERAL

The Board 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 M-Bar is property holding.

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

Hong Kong, 28th January 2011

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.