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 2011

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 2011 as follows :

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2011

	Note	**2011** ***HK$'000***	2010 *HK$'000*
Revenue	*2*	**739,832**	717,197
Cost of sales		**(615,724)**	(603,618)
Gross profit		**124,108**	113,579
Other income	*3*	**2,434**	2,591
Distribution and selling expenses		**(42,555)**	(43,850)
General and administrative expenses		**(63,761)**	(64,424)
Operating profit	*4*	**20,226**	7,896
Finance costs	*5*	**(1,200)**	(1,018)
Share of losses of associates		**(62)**	(51)
Profit before income tax		**18,964**	6,827
Income tax expense	*6*	**(4,290)**	(3,331)
Profit for the year		**14,674**	3,496
Other comprehensive income			
Currency translation differences:			
– Subsidiaries		**2,800**	7,233
– Associates		**(2)**	–
Total comprehensive income		**17,472**	10,729
Profit attributable to:			
Equity holders of the Company		**11,591**	1,843
Non-controlling interests		**3,083**	1,653
		14,674	3,496
Total comprehensive income attributable to:			
Equity holders of the Company		**13,012**	6,396
Non-controlling interests		**4,460**	4,333
		17,472	10,729
Earnings per share for profit attributable to the equity holders of the Company during the year – Basic and diluted	*7*	**HK5.80 cents**	HK0.92 cents

Details of dividends are disclosed in note 8 to the final results announcement.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**13,400**	12,804
Intangible assets		**–**	–
Investments in associates		**1,013**	441
		14,413	13,245
Current assets			
Inventories		**178,173**	153,820
Trade receivables	*9*	**71,752**	88,716
Other receivables		**7,768**	7,569
Current income tax recoverable		**1,848**	2,167
Cash and bank balances		**42,413**	52,268
		301,954	304,540
Total assets		**316,367**	317,785
Current liabilities			
Trade payables	*10*	**43,920**	49,831
Other payables		**25,596**	18,139
Short-term bank loans		**53,382**	66,105
Current income tax liabilities		**2,168**	1,966
		125,066	136,041
Net current assets		**176,888**	168,499
Total assets less current liabilities		**191,301**	181,744
Non-current liabilities			
Deferred income tax liabilities		**246**	162
Net assets		**191,055**	181,582
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**150,619**	143,045
		170,619	163,045
Non-controlling interests		**20,436**	18,537
Total equity		**191,055**	181,582

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.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st April 2010.

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss.

- HKAS 1 (amendment), "Presentation of financial statements". The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The amendment has no material impact on the Group's financial statements.

- HKAS 36 (amendment), "Impairment of assets", effective 1st January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics). The amendment has no material impact on the Group's financial statements.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1st April 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

- HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

  HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1st April 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1st April 2010 on the basis of information existing at the inception of those leases, and recognized the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified its leasehold land from operating lease to finance lease. The land interest of the Group that is held for own use is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful live of the asset and the lease term. The application of HKAS 17 (amendment) has had no material impact on the Group's financial statements for the current and prior years.

- HK(IFRIC) 17, "Distribution of non-cash assets to owners", effective on or after 1st July 2009. The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

- HK(IFRIC) 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1st July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

- HK(IFRIC) 9, "Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement", effective 1st July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

- HK(IFRIC) 16, "Hedges of a net investment in a foreign operation" effective 1st July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group.

- HKAS 38 (amendment), "Intangible assets", effective 1st April 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- HKFRS 2 (amendments), "Group cash-settled share-based payment transactions", effective form 1st January 2010. In addition to incorporating HK(IFRIC) 8, "Scope of HKFRS 2", and HK(IFRIC) 11, "HKFRS 2 – Group and treasury share transactions", the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of Group arrangements that were not covered by that interpretation.

- HKFRS 5 (amendment), "Non-current assets held for sale and discontinued operations". The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

2. Revenue and Segment Information

Revenue recognized during the year is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**574,858**	559,254
Sales of computer products and mobile accessories and service income	**164,974**	157,943
	739,832	717,197

The chief operating decision-maker has been identified as the executive directors of the Company (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 mobile 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, interest expenses and share of losses of associates.

The segment results for the year ended 31st March 2011 are as follows:

	Electronic Trading Business *HK$'000*	**Computer Business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Revenue	**574,858**	**164,974**	**–**	**739,832**
Segment results	**20,433**	**(1,008)**	**801**	**20,226**
Interest expenses	**–**	**–**	**(1,200)**	**(1,200)**
Share of losses of associates	**(6)**	**(56)**	**–**	**(62)**
Profit before income tax				**18,964**
Income tax expense				**(4,290)**
Profit for the year				**14,674**

The segment results for the year ended 31st March 2010 are as follows:

	Electronic Trading Business *HK$'000*	Computer Business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Revenue	559,254	157,943	–	717,197
Segment results	11,434	(2,985)	(553)	7,896
Interest expenses	–	–	(1,018)	(1,018)
Share of loss of an associate	–	(51)	–	(51)
Profit before income tax				6,827
Income tax expense				(3,331)
Profit for the year				3,496

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

	2011 *HK$'000*	2010 *HK$'000*
Revenue (country of domicile)		
Hong Kong	**427,478**	478,216
Asia Pacific	**225,469**	162,225
South Africa	**61,098**	49,763
Europe	**10,059**	14,315
Other countries	**15,728**	12,678
	739,832	717,197

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

3. Other Income

	Group 2011 HK$'000	2010 HK$'000
Management fee from an associate	**96**	84
Management fee from third parties	**1,374**	1,387
Service fee from an associate	**12**	12
Commission income	**35**	9
Interest income from bank deposits	**412**	347
Interest income from an associate	**49**	48
Other income	**456**	704
	2,434	2,591

4. Expenses by Nature

	2011 HK$'000	2010 HK$'000
Costs of inventories expensed	**615,724**	603,618
Employee benefit expense	**62,976**	63,058
Depreciation of owned property, plant and equipment	**1,988**	2,872
Provision for impairment of trade receivables (included in general and administrative expenses)	**2,939**	4,125
Provision for slow-moving inventories (included in cost of sales)	**3,152**	1,937
Operating lease rentals in respect of rented premises	**12,378**	11,902
Auditors' remuneration	**950**	950
Gain on disposal of property, plant and equipment	**(63)**	(35)
Net foreign exchange gains	**(1,883)**	(2,512)

5. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest expense on short-term bank loans, wholly repayable within five years	**1,200**	1,018

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) 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.

	2011 HK$'000	2010 HK$'000
Current income tax		
– Hong Kong profits tax	**1,643**	935
– Overseas taxation	**2,721**	2,117
– (Over)/under provision in prior years	**(143)**	313
Deferred income tax	**69**	(34)
Income tax expense	**4,290**	3,331

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:

	2011	2010
	HK$'000	*HK$'000*
Profit before income tax	**18,964**	6,827
Tax calculated at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**3,129**	1,126
Effect of different tax rates of subsidiaries operating in other countries	**979**	961
Tax losses of subsidiaries not recognized	**189**	595
Utilization of previously unrecognized tax losses	**(221)**	(34)
(Over)/under provision in prior years	**(143)**	313
Others	**357**	370
Income tax expense	**4,290**	3,331

As the Company is 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 25%. 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. Earnings Per Share

The calculation of basic earnings per share for the year ended 31st March 2011 is based on the Group's profit attributable to equity holders of the Company of approximately HK$11,591,000 (2010: HK$1,843,000) and on the weighted average number of 200,000,000 (2010: 200,000,000) ordinary shares in issue during the year.

There is no diluted earnings per share since the Company has no dilutive potential ordinary shares in issue during the years ended 31st March 2011 and 2010.

8. Dividends

	2011	2010
	HK$'000	*HK$'000*
Interim dividend paid of HK1.5 cents (2010: HK0.5 cent) per ordinary share	**3,000**	1,000
Proposed final dividend of HK2 cents (2010: HK1 cent) per ordinary share	**4,000**	2,000
	7,000	3,000

At a meeting held on 9th July 2010, the directors of the Company proposed a final dividend of HK1 cent per ordinary share in respect of the year ended 31st March 2010.

At a meeting held on 24th June 2011, the directors of the Company proposed a final dividend of HK2 cents per ordinary share in respect of the year ended 31st March 2011. 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 2012.

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:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 to 60 days	**64,377**	79,105
61 to 120 days	**5,130**	4,787
121 to 180 days	**851**	1,095
181 to 365 days	**2,937**	8,253
Trade receivables	**73,295**	93,240
Less: provision for impairment of trade receivables	**(1,543)**	(4,524)
	71,752	88,716

The maximum exposure to credit risk at the reporting date is the carrying amount of trade receivables. The Group does not hold any collateral as security in respect of its trade receivables.

As at 31st March 2011, trade receivables of approximately HK$32,382,000 (2010: HK$40,874,000) 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:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 to 60 days	**26,538**	30,449
61 to 120 days	**3,553**	1,921
121 to 180 days	**624**	790
181 to 365 days	**1,667**	7,714
	32,382	40,874

As at 31st March, 2011, trade receivable of approximately HK$1,030,000 (2010: HK$4,207,000) has been assigned to a bank with recourse as collateral under factoring arrangement.

As at 31st March 2011, trade receivables of approximately HK$1,543,000 (2010: HK$4,524,000) were impaired. The amount of the provision was approximately HK$1,543,000 as at 31st March 2011 (2010: HK$4,524,000). The individually impaired receivables mainly relate to a few customers which are in unexpected difficult economic situations.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**4,524**	1,262
Receivables written off as uncollectible	**(5,796)**	(881)
Provision for impairment of trade receivables	**2,939**	4,125
Exchange differences	**(124)**	18
At end of the year	**1,543**	4,524

10. Trade Payables

The aging analysis of trade payables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 to 60 days	**41,389**	48,496
61 to 120 days	**1,230**	1,321
121 to 180 days	**(169)**	(75)
181 to 365 days	**1,470**	89
	43,920	49,831

FINANCIAL RESULT

In 2010, the Company and its subsidiaries (the "Group") benefited from the recovery of worldwide economy from severe global economic crisis which broke out at the end of 2008 and persisted in 2009. For the financial year ended 31st March 2011, the Group recorded a turnover of around HK$740 million, which represented an increase of about 3.2% when comparing with that of approximately HK$717 million in the previous year. Gross profit increased significantly by about 8.8% to around HK$124 million from HK$114 million last year, while the gross profit margin increased by approximately 1% from about 15.8% last year to around 16.8%. The Group's operating profit amounted to approximately HK$20 million (31st March 2010: HK$8 million), and the profit attributable to shareholders was approximately HK$11.6 million (31st March 2010: HK$1.8 million). This represented earnings per share of HK$0.06 (HK$0.01 as at 31st March 2010). The Board has resolved that subject to the approval of the shareholders at the forthcoming annual general meeting, a final dividend of HK2 cents per ordinary share shall be declared for the year under review, totalling HK$4 million to the shareholders whose names appeared on the register of members on 5th August 2011. The final dividend, if approved, is expected to be paid on 16th August 2011.

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 and mobile accessories under the retail branding (the "Computer Retail Business"), (ii) the distribution on 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 Group's turnover of Electronic Trading Business during the year under review recorded an increase of approximately 2.9% to about HK$575 million from about HK$559 million in the previous year, while turnover of Computer Business increased approximately 4.4% to about HK$165 million from about HK$158 million in the previous year.

For the year ended 31st March 2011, the Group's total operating expenses decreased slightly by approximately 1.9% to around HK$106 million (31st March 2010: HK$108 million). During the year under review, the Group continued to strictly control the headcount which accounted for large proportion of the Group's operating cost. As at 31st March 2011, the headcount was reduced by about 3.8% from 444 full-time employees last year to 427 full-time employees. Among the Group's subsidiaries, Singapore subsidiary implemented the headcount control obviously. There were 18 full-time employees in Singapore subsidiary, which represented a marked decrease of about 33.3% when comparing with 27 full-time employees in the previous year.

During the year under review, the Group's inventory level significantly increased about 15.6% to around HK$178 million (31st March 2010: HK$154 million). It was attributable to the new distribution policy of one of the major suppliers. Under the new policy, the Group is required to buy the electronic components at the standard market price prescribed by the supplier in advance. After selling the electronic components to customers, the Group then claimed the difference between the standard market price and distribution price from the supplier. Beyond any doubt, the Group's cash flow would be tightened particularly during peak season, however, it was believed that there was no impact to the Group's financial as a whole since the Group had adequate working capital and sufficient banking facilities as back-up.

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 and mobile accessories under the retail branding (the "Computer Retail Business"), (ii) the distribution on 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 for the fiscal year ended 31st March 2011 respectively.

By analysis on the two core business operations, the gross profit margin of the Electronic Trading Business and Computer Business increased slightly to around 18.2% and 12% respectively (31st March 2010: about 17% and about 11.7%).

Electronic Trading Business

Hong Kong

For the fiscal year ended 31st March 2011, the Group recorded a turnover of approximately HK$575 million from the Electronic Trading Business, which represented a slight increase of about 2.9%, when compared with that of approximately HK$559 million for the last year.

During economic recession, many customers managed to keep their inventory at very low level. When the economy recovered in 2010, there was component shortage and customers' production lines were affected. The Group's inventory has minimized this effect as the Group has done the best to negotiate with vendors about the products supply so as to meet customers' demand. Even though there was shortage of electronic components, the Group still actively assisted the customers in new project development by working closely with engineers.

Lighting industry was a booming market. The Group has introduced different integrated circuits and Power LED for lighting applications. As a result, the Group was able to provide turnkey solution to lighting customers.

In the meantime, the Group has entered into agentship agreement with Clover Display Limited (provider of LCD/LED display) and Panasonic Electric Works (Hong Kong) Co., Ltd. (provider of connectors, relays, switches and factory automation products) during the year under review.

Overseas

During the year under review, the business of the Group's overseas subsidiaries recorded a turnover of approximately HK$167 million, representing an increase of about 5.7% when compared with that of approximately HK$158 million for the last year. Among the Group's oversea subsidiaries, South Africa subsidiary's performance was the most outstanding. It recorded a turnover of about HK$60 million which increased significantly by approximately 22.4% from 49 million in last year. The subsidiary in South Africa provided full series of power supply products which was able to fulfill the great demand of power supply products in different market segments like industrial, medical and automation.

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: 58%, 31%, 8%, 1% and 2% respectively of the Group's total turnover during the year under review.

Computer Business

Computer Retail Business

The Computer Retail Business, mainly the operation of VideoCom, recorded a turnover of HK$28 million for the year ended 31st March 2011 (for the year ended 31st March 2010: about HK$28 million), which represented a loss of around HK$3.5 million (for the year ended 31st March 2010: about HK$4.7 million). The loss of Computer Retail Business was greatly decreased because the Group implemented cost control measures for ease monitoring.

The Group continuously to execute the policy of relocating the retail outlets out of traditional computer centers to trendy shopping mall. During the year under review, one of the retail shops locating in Sham Shui Po computer center was closed and a new retail outlet was set up in Tuen Mun Butterfly Estate in October 2010. Currently the Group has total 8 retail shops, 5 of them located in trendy shopping mall in Sha Tin, Yuen Long, Tuen Mun, Tseung Kwan O and Tin Shui Wai.

Computer Distribution Business

APower Holdings Limited, a subsidiary of the Group carrying on the Computer Distribution Business has recorded a turnover of HK$119 million for the year ended 31st March 2011, representing a rise of about 1.7% from about HK$117 million. During the year under review, consumer confidence was boosted and therefore domestic consumption was regained. Demand for flash memory card increased with the popularity of smartphones and digital cameras. Moreover, APower Holdings Limited has successfully introduced fashionable products to branded chain stores, which further enhanced the dealer channels.

During the year, the Group has signed agency agreements with Mobile Link Technology Limited (provider of feminine mobile accessories under the brand femme de Pivot), Shine Property Company Limited (provider of ear headphone under the brand Mosaic), Schneider Electric (HK) Ltd. (provider of electrical and automation management) and NVC Lighting Technology Hong Kong Limited (provider of energy saving light).

IT Outsourcing Services

The IT Outsourcing Services have recorded a turnover of about HK$19 million, representing a significant increase of about 36% from about HK$14 million during the year under review. Many enterprises planned to expand their business and willing to invest in information technology. At the same time, the Group has successfully bid projects from Hospital Authority's vendors which contributed to the increment of turnover.

DEVELOPMENT STRATEGY AND OUTLOOK

Because of the appreciation of Renminbi and increasing labour cost in China, it is expected that most of the multinational companies would extend their productions in Asia other than China. So the Group will continuously expand the market share and penetrate in Asia market. In May 2011, the Group set up an associated company in Thailand. The Thailand's associate serves the electronic manufacturing service (EMS) customers and the domestic manufacturers. The population in Thailand is over 62 million and the Group expects that there are great potential for computer business development in the foreseeable future.

The Group supports local design and keens on developing a comprehensive engineer network, which is an important asset to the Group's future. Introducing LCD Display agent line, Clover Display Limited, the Group now offers two key components, MCU and LCD Display. This allows the Group to develop closer relationship with engineers through the collaboration with Clover Display Limited.

At the same time, the Group now provides full ranges of product lines, including Wifi Modules, RF Receiver Modules, Motors, Sensors, Power Relays, Large Can Electrolytic Capacitors and Switches. That allows the Group to further expand the business from consumer electronics market to industrial segment.

In the Computer Business, the sought-after of iPhone and iPad provide business opportunities to the Group. To catch up the chance, the Group will introduce more accessories for iPhone and iPad in Computer Retail and Distribution Business, such as JT screen protection films and TECHGEAR speakers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has a strong financial foundation. As at 31st March 2011, it had cash and bank balances of approximately HK$42 million (as at 31st March 2010: HK$52 million). About 48% and 27% were denominated in Hong Kong dollars and US dollars respectively. The balance of approximately 9%, 7%, 7%, 1%, and 1% of its total cash and bank balances were correspondingly denominated in South African Rand, Malaysia Ringgit, Renminbi, New Taiwan dollars and Singapore dollars. The Group's total assets amounted to approximately HK$316 million (as at 31st March 2010: HK$318 million). Net assets per share amounted to approximately HK$0.96 (as at 31st March 2010: HK$0.91). Dividend and basic earnings per share were approximately HK$0.035 and HK$0.06 respectively (as at 31st March 2010: HK$0.015 and HK$0.01 respectively).

As at 31st March 2011, the Group had banking facilities for overdrafts, loans and trade finance from several banks totalling approximately HK$91 million (as at 31st March 2010: HK$172 million), with an unused balance of approximately HK$38 million (as at 31st March 2010: HK$106 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 2011, the total borrowings of the Group were approximately HK$53 million (as at 31st March 2010: HK$66 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 majority of Group's bank borrowings as at 31st March 2011 were denominated in Hong Kong dollars. The short-term loans and trade finance were secured by the Company's corporate guarantees of around HK$87 million and the leasehold properties in Singapore (as at 31st March 2010: HK$176 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 1.58% to 2.31% per annum (for the year ended 31st March 2010: 1.36% to 2.67% per annum).

GEARING RATIO

As at 31st March 2011, the Group's gross borrowing, which was repayable within one year, amounted to approximately HK$53 million (as at 31st March 2010: HK$66 million). After deducting cash and cash equivalents of approximately HK$42 million, the Group's net borrowings amounted to approximately HK$11 million (as at 31st March 2010: HK$14 million). Total equity as at 31st March 2011 was approximately HK$191 million (as at 31st March 2010: HK$182 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, decreased to 5.7% (as at 31st March 2010: 7.7%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the Group's transactions were denominated in Hong Kong dollars, Renminbi and US dollars. Given that the exchange rate of Hong Kong dollars against the Renminbi 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 2011, the Group had no significant risk exposure pertaining to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

CHARGES ON ASSETS

As at 31st March 2011, the properties with the carrying value of approximately HK$10 million have been pledged to secure the general banking facilities granted to the Singapore subsidiary.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March 2011, the Group had total outstanding operating lease commitments of approximately HK$22 million (as at 31st March 2010: HK$13 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 2011.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2011, the Group had total of 427 full-time employees inclusive of its staff in Hong Kong and overseas branches. 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 2nd August 2011 to 5th August 2011, during which no transfer of shares will be effected, and the final dividend will be paid on 16th August 2011. 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 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 1st August 2011.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 did not have a separate Chairman and Chief Executive Officer as Ms. Yeung Man Yi, Beryl hold the position of the Chief Executive Officer and assumes the duties of the Chairman during the year under review. The Board believed that vesting the roles of Chairman and Chief Executive Officer in the same individual provided the Group with strong and consistent leadership in the development and execution of long-term business strategies. On 1st April 2011, Dr. Hung Kim Fung, Measure has been appointed as an executive Director and the Chairman of the Company to comply with this code provision.

Code Provision A.4.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the Bye-laws of the Company provides that the Chairman and the Deputy Chairman will not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. As continuation of the services of the Chairman and the Deputy Chairman 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the year, the Company had adopted a Code of Conduct regarding directors' transactions in securities of the Company on terms no less exacting than the required standard set out in the Model Code under Appendix 10 to the Listing Rules. Having made all reasonable enquires with the directors of the Company, the Company was of view that the directors had complied with the said Code of Conduct throughout the year.

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 2011 with the directors. The Audit Committee comprises three independent non-executive directors, namely Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric.

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 early of July 2011.

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 shareholders, institutional investors, customers, bankers and business partners for their continued support to and confidence in the Group.

By order of the Board
Hung Kim Fung, Measure
Chairman

Hong Kong, 24th June 2011

As at the date of this announcement, the Board comprises Dr. Hung Kim Fung, Measure, Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix as executive directors and Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric as independent non-executive directors.