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 TRANSACTION – SUPPLY AGREEMENT

The Board is pleased to announce that on 11 July 2011, the Company entered into the Supply Agreement with Clover for the supply of IC, passive components and equipment from the Group to Clover.

Clover is a private company incorporated in Hong Kong with limited liability on 24 May 1983. As at the date of this announcement, Clover is owned as to 60% by PC Supply which is in turn owned as to 99.99% and 0.01% by A Plus and Madam Yeung Man Yi, Beryl respectively and A Plus is owned as to (i) 30%, (ii) 30%, (iii) 20% and (iv) 20% by (i) Dr. Hung Kim Fung, Measure, (ii) Madam Yeung Man Yi, Beryl, (iii) Mr. Hung Ying Fung and (iv) Mr. Yeung Kwong Leung, Allix respectively, all of whom are directors and substantial shareholders of the Company. Accordingly, Clover is a connected person of the Company under the Listing Rules. The Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions under the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, since all the applicable percentage ratios relating to the Supply Agreement and the transactions contemplated thereunder are, on annual basis, more than 0.1% but less than 5%, the Supply Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE SUPPLY AGREEMENT

Date:	11 July 2011
Parties:	the Company; and Clover
Transaction:	supply of IC, passive components and equipment

* *For identification purposes only*

Term:	from 11 July 2011 to 31 March 2014;
Maximum annual: purchase amount	(i) HK$2.1 million, (ii) HK$3.5 million and (iii) HK$4.9 million for the period (i) from 11 July 2011 to 31 March 2012, (ii) from 1 April 2012 to 31 March 2013 and (iii) from 1 April 2013 to 31 March 2014 respectively
Pricing mechanism and basis:	the prices will be determined with reference to market price and be negotiated between the Company and Clover on an arm's length basis before each proposed purchase order to be placed by Clover and on terms no less favourable to the Group than the terms available to any Independent Third Parties

INFORMATION ABOUT CLOVER

Clover is a private company incorporated in Hong Kong with limited liability on 24 May 1983. It is principally engaged in manufacture and marketing of liquid crystal displays and liquid crystal module products, and provision of tooling and subcontracting services. As at the date of this announcement, Clover is owned as to 60% by PC Supply which is in turn owned as to 99.99% and 0.01% by A Plus and Madam Yeung Man Yi, Beryl respectively and A Plus is owned as to (i) 30%, (ii) 30%, (iii) 20% and (iv) 20% by (i) Dr. Hung Kim Fung, Measure, (ii) Madam Yeung Man Yi, Beryl, (iii) Mr. Hung Ying Fung and (iv) Mr. Yeung Kwong Leung, Allix respectively, all of whom are directors and substantial shareholders of the Company. Accordingly, Clover is a connected person of the Company under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the remaining 40% equity interest in Clover is held by Independent Third Parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

REASONS FOR ENTERING INTO THE SUPPLY AGREEMENT

The principal activity of the Company is investment holding. The principal activities of the Group are trading and distribution of electronic parts, components and equipment and computer products and accessories.

The Group is strong at procurement and can negotiate better and favourable terms from various vendors for bulk purchases. By purchases of the IC, passive components and equipment from the Group, Clover can save the time and effort on sourcing of such goods. The Group has treated Clover as if an independent customer and got reasonable profits from the sales of the goods to Clover. Both the Company and Clover intend to continue such transactions in the next couple of years and in order to comply with the relevant requirements under the Listing Rules, the Company and Clover agree to enter into the Supply Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As Clover is a connected person of the Company, the Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions under the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, since all the applicable percentage ratios relating to the Supply Agreement and the transactions contemplated thereunder are, on annual basis, more than 0.1% but less than 5%, the Supply Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Set out below are the historical amount of sales to Clover by the Group and the proposed maximum purchase amount for the three years ending 31 March 2014 under the Supply Agreement:

Historical amount of sales for the period from 1 April 2011 to 10 July 2011	Maximum purchase amount for the period from 11 July 2011 to 31 March 2012	Maximum purchase amount for the period from 1 April 2012 to 31 March 2013	Maximum purchase amount for the period from 1 April 2013 to 31 March 2014
HK$387,806.53	HK$2.1 million	HK$3.5 million	HK$4.9 million

The above maximum purchase amounts are estimated by the Directors after taking into account the amount of the purchases of IC, passive components and equipment which have been made by Clover from the Group.

The Company will re-comply with the Listing Rules if the above maximum purchase amounts are exceeded or when the Supply Agreement is renewed or there is a material change to the terms of the Supply Agreement.

During the last twelve months before the date of this announcement, the Group has purchased LCD display, protection film and equipment from Clover in the aggregate amount of HK$27,900.96. The Company has also entered into an agency agreement with Clover on 18 November 2010 and is entitled to the commission or rebate from Clover in the aggregate amount of HK$8,213.66 during the last twelve months before the date of this announcement. Since all the applicable percentage ratios relating to such transactions are less than 0.1%, they are within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, the Directors will monitor such transactions and will comply with the requirements of the Listing Rules if the amount of the transaction exceeds the de minimis exemption under the Listing Rules.

The Board (including the independent non-executive Directors) considers that the Supply Agreement and the transactions contemplated thereunder have been and will be 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 the terms available to any 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 Supply Agreement also reflect an arm's length negotiations on normal commercial terms.

As Clover is a connected person of the Company, the connected Directors, namely Dr. Hung Kim Fung, Measure, Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwong Leung, Allix abstained from voting in the Board meeting approving the Supply Agreement and the transactions contemplated thereunder.

DEFINITIONS

"A Plus"	A Plus Computer Shop Limited, a private company incorporated in Hong Kong with limited liability on 14 April 1999 and is owned as to (i) 30%, (ii) 30%, (iii) 20% and (iv) 20% by (i) Dr. Hung Kim Fung, Measure, (ii) Madam Yeung Man Yi, Beryl, (iii) Mr. Hung Ying Fung and (iv) Mr. Yeung Kwong Leung, Allix respectively, all of whom are directors and substantial shareholders of the Company

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Clover"	Clover Display Limited, a private company incorporated in Hong Kong with limited liability on 24 May 1983 and is owned at to 60% by PC Supply and 40% by Independent Third Parties
"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
"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
"Independent Third Parties"	third parties who are independent of the Company and the connected person of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PC Supply"	PC Supply Limited, a private company incorporated in Hong Kong with limited liability on 5 June 2000 and is owned at to 99.99% and 0.01% by A Plus and Madam Yeung Man Yi, Beryl respectively
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supply Agreement"	the Supply Agreement dated 11 July 2011 and entered into between the Company and Clover
"%"	per cent

On behalf of the Board
Mobicon Group Limited
Hung Kim Fung, Measure
Chairman

Hong Kong, 12 July 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.