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 2013

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 2013 (the "Period") together with comparative figures for the corresponding period in 2012. These unaudited interim results have not been audited by the Company's auditor, but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**309,827**	285,652
Cost of sales		**(253,448)**	(233,345)
Gross profit		**56,379**	52,307
Other income		**1,587**	1,116
Distribution and selling expenses		**(19,197)**	(18,651)
General and administrative expenses		**(29,970)**	(28,857)
Operating profit	*4*	**8,799**	5,915
Finance costs	*5*	**(536)**	(522)
Share of profits of associates		**188**	199
Profit before income tax		**8,451**	5,592
Income tax expense	*6*	**(2,605)**	(1,956)
Profit for the period		**5,846**	3,636
Profit attributable to:			
Equity holders of the Company		**2,881**	1,606
Non-controlling interests		**2,965**	2,030
		5,846	3,636
Earnings per share for profit attributable to the equity holders of the Company during the period – Basic and diluted	*8*	**HK1.4 cents**	HK0.8 cent

Details of dividends are disclosed in Note 7 to the interim results announcement.

* *For identification purposes only*

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**5,846**	3,636
Other comprehensive expense:		
Items that may reclassified to profit or loss		
Currency translation differences	**(3,288)**	(1,825)
Other comprehensive expense for the period, net of tax	**(3,288)**	(1,825)
Total comprehensive income for the period	**2,558**	1,811
Total comprehensive income attributable to:		
Equity holders of the Company	**978**	831
Non-controlling interests	**1,580**	980
	2,558	1,811

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Note	As at 30 September 2013 (Unaudited) HK$'000	As at 31 March 2013 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**22,038**	21,261
Investments in associates		**256**	68
		22,294	21,329
Current assets			
Inventories		**167,861**	165,825
Trade receivables	9	**73,465**	62,645
Other receivables		**9,443**	8,046
Current income tax recoverable		**273**	1,294
Cash and bank balances		**40,398**	35,854
		291,440	273,664
Total assets		**313,734**	294,993
Current liabilities			
Trade payables	10	**50,545**	36,966
Other payables		**28,148**	28,588
Amounts due to associates		**15**	15
Short-term bank loans		**49,599**	46,429
Current income tax liabilities		**1,565**	690
		129,872	112,688
Net current assets		**161,568**	160,976
Total assets less current liabilities		**183,862**	182,305
Non-current liabilities			
Deferred income tax liabilities		**39**	40
Net assets		**183,823**	182,265
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**146,241**	146,263
		166,241	166,263
Non-controlling interests		**17,582**	16,002
Total equity		**183,823**	182,265

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2013, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 April 2013 but do not have a material impact on the Group:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interest in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK (IFRIC) – Int 20	Stripping Costs in the Production phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009 – 2011 Cycle

(b) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2013 and have not been early adopted:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 9	Financial Instruments[2]
Additions to HKFRS 9	Financial Instruments – Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures[2]
HKFRS 10, HKFRS 12 and HKFRS 27 (2011) (Amendments)	Investment Entities[1]
HK (IFRIC) – Int 21	Levies[1]

[1] Changes effective for annual periods beginning on or after 1 January 2014
[2] Changes effective for annual periods beginning on or after 1 January 2015

3. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the period is as follows:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**235,266**	227,046
Sales of computer products and mobile accessories and related service income	**74,561**	58,606
	309,827	285,652

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, and distribution of computer products.

The Executive Directors have assessed the performance of the operating segments based on segment results before corporate expenses, finance costs and share of (losses)/profits of associates.

The segment results for the period ended 30 September 2013 are as follows:

	Six months ended 30 September 2013 (Unaudited)			
	Electronic Trading Business	**Computer Business**	**Unallocated**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue	**235,266**	**74,561**	**–**	**309,827**
Segment results	**9,062**	**206**	**(469)**	**8,799**
Interest expenses	**–**	**–**	**(536)**	**(536)**
Share of (losses)/profits of associates	**(9)**	**197**	**–**	**188**
Profit before income tax				**8,451**
Income tax expense				**(2,605)**
Profit for the period				**5,846**

The segment results for the period ended 30 September 2012 are as follows:

	Six months ended 30 September 2012 (Unaudited)			
	Electronic Trading Business	Computer Business	Unallocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	227,046	58,606	–	285,652
Segment results	5,721	920	(726)	5,915
Interest expenses	–	–	(522)	(522)
Share of (losses)/profits of associates	(103)	302	–	199
Profit before income tax				5,592
Income tax expense				(1,956)
Profit for the period				3,636

The segment assets and liabilities as at 30 September 2013 and additions to non-current assets for the period then ended are as follows:

	Electronic Trading Business	**Computer Business**	**Unallocated**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets	**275,324**	**37,873**	**281**	**313,478**
Associates	**383**	**(127)**	**–**	**256**
Total assets	**275,707**	**37,746**	**281**	**313,734**
Liabilities	**70,623**	**8,062**	**51,226**	**129,911**
Additions to non-current assets	**822**	**1,444**	**–**	**2,266**

The segment assets and liabilities as at 31 March 2013 and additions to non-current assets for the year then ended are as follows:

	Electronic Trading Business	Computer Business	Unallocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	264,738	28,885	1,302	294,925
Associates	392	(324)	–	68
Total assets	265,130	28,561	1,302	294,993
Liabilities	58,694	6,528	47,506	112,728
Additions to non-current assets	679	1,174	–	1,853

4. EXPENSES BY NATURE

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	2012 (Unaudited) *HK$'000*
Cost of inventories expensed	**253,448**	233,345
Employee benefit expense	**30,007**	29,316
Depreciation of owned property, plant and equipment	**1,104**	620
Provision/(reversal of provision) for slow-moving inventories (included in cost of sales)	**2,467**	(102)
Operating lease rentals in respect of rented premises	**6,143**	5,277
Provision for impairment of trade receivables (included in general and administrative expenses)	**353**	406
Net foreign exchange gain	**(176)**	(1,064)
(Gain)/loss on disposal of property, plant and equipment	**(173)**	50

5. FINANCE COSTS

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	2012 (Unaudited) *HK$'000*
Interest expense on short-term bank loans, wholly repayable within one year	**536**	522

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 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 income statement represents:

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	2012 (Unaudited) *HK$'000*
Current income tax		
– Hong Kong Profits Tax	**442**	386
– Overseas taxation	**2,163**	1,573
– Over-provision in prior periods	**–**	(3)
Income tax expense	**2,605**	1,956

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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before income tax	**8,451**	5,592
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	**1,394**	923
Effect of different tax rates of subsidiaries operating in other countries	**865**	667
Income not taxable for tax purpose	**(160)**	(1,230)
Expenses not-deductible for tax purposes	**282**	178
Over-provision in prior periods	**–**	(3)
Others	**224**	1,421
Income tax expense	**2,605**	1,956

The Company is exempted from taxation in Bermuda until 2035.

Mobicon Electronic Trading (Shenzhen) Limited ("MET"), being a foreign investment enterprise established in the free trade zone of Futian, Shenzhen, People's Republic of China ("PRC"), and with a financial year end date falling on 31 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 ending 31 December 2008 and a 50% reduction from normal PRC enterprise income tax for the three years following.

7. DIVIDENDS

At a meeting held on 25 November 2013, the directors of the Company declared an interim dividend of HK$0.005 per ordinary share (2012: HK$0.005 per ordinary share) for the six months ended 30 September 2013. This interim dividend has not been recognized as a liability at the date of this announcement. The interim dividend will be payable on 23 December 2013 to shareholders whose names appear on the Register of Members of the Company as at 12 December 2013.

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2013 is based on the Group's profit attributable to the equity holders of the Company of approximately HK$2,881,000 (2012: HK$1,606,000) and on the weighted average number of 200,000,000 ordinary shares (2012: 200,000,000 ordinary shares) in issue during the period.

No diluted earnings per share is presented as there were no potential dilutive ordinary shares in issue during the six months ended 30 September 2013 and 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 trade receivables is as follows:

	As at 30 September 2013 (Unaudited) *HK$'000*	As at 31 March 2013 (Audited) *HK$'000*
0 to 60 days	**69,893**	57,567
61 to 120 days	**1,675**	2,248
121 to 180 days	**1,948**	2,655
181 to 365 days	**1,124**	1,283
Trade receivables	**74,640**	63,753
Less: provision for impairment of trade receivables	**(1,175)**	(1,108)
	73,465	62,645

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

10. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As at 30 September 2013 (Unaudited) *HK$'000*	As at 31 March 2013 (Audited) *HK$'000*
0 to 60 days	**48,867**	34,806
61 to 120 days	**551**	1,373
121 to 180 days	**130**	516
181 to 365 days	**997**	271
	50,545	36,966

FINANCIAL RESULTS

The Group recorded a turnover of approximately HK$310 million during the Period, representing an increase of approximately 8% as compared with the turnover of approximately HK$286 million recorded in the six months ended 30 September 2012 (the "Corresponding Period"). The increase of the Group's turnover was mainly attributed by an increase in sales of the Group's Computer Retail Business during the Period.

During the Period, the Group's gross profit increased from approximately HK$52 million recorded in the Corresponding Period by approximately 8% to the gross profit of approximately HK$56 million and the gross profit margin slightly dropped to approximately 18.2% (Corresponding Period: approximately 18.3%). By analysing the two core business operations of the Group, the gross profit margin of the distribution business of electronic components, automation parts and equipment under the brand of MOBICON (the "Electronic Trading Business") was approximately 19% (Corresponding Period: approximately 19.1%) whilst the gross profit margin of the computer business (the "Computer Business") was approximately 15.7%. (Corresponding Period: approximately 15.1%). In line with the increase in the turnover, the

Group's operating profit was approximately HK$8.8 million during the Period, representing an increase of approximately 49.2% from approximately HK$5.9 million in the Corresponding Period. The total operating expenses for the Period increased by approximately 2.1% to approximately HK$49 million (Corresponding Period: approximately HK$48 million).

The distribution and selling expenses for the Period maintained at approximately HK$19 million, whereas the general and administrative expenses increased by about 3% or HK$1 million to approximately HK$30 million for the Period from approximately HK$29 million recorded in the Corresponding Period. Financial costs for the Period were kept at approximately HK$0.5 million (Corresponding Period: approximately HK$0.5 million).

Accordingly, the profit attributable to the equity holders of the Company increased by approximately 81% to approximately HK$2.9 million (Corresponding Period: approximately HK$1.6 million), representing basic earnings per share of HK$0.014 (Corresponding Period: HK$0.008). The Board has resolved to declare an interim dividend of HK0.5 cent per ordinary share (the Corresponding Period: HK0.5 cent per ordinary share) for the period ended 30 September 2013, 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 smartphone accessories under the brand of (the "Computer Retail Business") and (ii) the distribution of computer products and consumer products under the brand of (the "Computer Distribution Business"). The Electronic Trading Business and the Computer Business accounted for about 76% and 24% 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 recorded an increase of about 4% from approximately HK$227 million in the Corresponding Period to approximately HK$235 million.

Hong Kong

The Group continuously kept close contacts with its suppliers. Apart from participating in product design projects, the Group also cooperated with its suppliers in exhibitions. During the Period, several customers were referred to the Group by a Group's supplier. The Group has also successfully reactivated some non-active customer accounts. This resulted in the improvement of the Group's turnover in its Electronic Trading Business.

Meanwhile, the Group has signed an agency agreement for the Asian region with RediSem Limited (which specialized in the production of power management semiconductor products) and SemiLEDs Optoelectronics Co., Limited (which specialized in the production of UV LED chips) respectively.

Overseas

During the Period, the aggregate turnover of all of the Group's overseas subsidiaries was approximately HK$57 million, representing a decrease of approximately 11% as compared with that of approximately HK$64 million recorded in the Corresponding Period. Among the Group's overseas subsidiaries, the turnover of the subsidiary in Malaysia recorded a significant dropped of approximately 46% to approximately HK$7 million during the Period as compared with that of approximately HK$13 million during the Corresponding Period. The main reason for the drop was that a Group's customer which specialized in smart power meters postponed the production of its latest model due to its quality issue.

On the other hand, the turnover of the Group's subsidiary in South Africa slightly increased by approximately 1% to approximately HK$37.4 million during the Period (Corresponding Period: approximately HK$37.1 million). The growth rate of the South Africa subsidiary was shrunk due to the depreciation of South African Rand. During the Period, the exchange rate of South African Rand to Hong Kong dollar depreciated by about 16% as compared with that of quoted in Corresponding Period.

In April 2013, the subsidiary in South Africa acquired the business of Suntronika (Pty) Ltd ("Suntronika") in Johannesburg. The Directors believe that the well developed customer bases and product lines from Suntronika could contribute the Group's turnover in coming future.

In terms of geographical segments, the turnover from Hong Kong, China, South Africa, the Asia-Pacific region (other than Hong Kong), Europe and other regions accounted for 59%, 18%, 12%, 9%, 1% and 1% respectively of the Group's total turnover.

Computer Business

During the Period, the turnover from the Group's Computer Business increased obviously by about 27% to approximately HK$75 million from that of approximately HK$59 million in the Corresponding Period whilst the gross profit margin of the Group's Computer Business slightly rose to about 15.7% (Corresponding Period: approximately 15.1%).

Computer Retail Business

The turnover of the Group's Computer Retail Business for the Period recorded as about HK$20 million, representing a remarkable increase of approximately 67% from that of about HK$12 million in the Corresponding Period. The encouraging increment was mainly attributed by the continuous expansion of retail outlets coverage. For instance, a new retail shop was set up at Metro Town, Tseung Kwan O in May 2013. The Group also continuously participated in special and seasonal promotions organized in various shopping malls, which increased the brand exposure. In the meantime, to alleviate the impact from the increasing rental and the labour cost, the Group has adjusted the selling price of its computer and mobile accessories.

Computer Distribution Business

The turnover of the Group's Computer Distribution Business was approximately HK$55 million during the Period, representing an increase of about 17% from that of approximately HK$47 million in the Corresponding Period. The reason for the increase was due to the substantial growth of sales of the mobile battery chargers produced by Samya Technology Co., Limited and distributed by APower Holdings Limited, a subsidiary of the Group which carries out the Computer Distribution Business.

During the Period, APower Holdings Limited has signed an agency agreement with OSRAM Prosperity Co., Limited and was authorized to distribute OSRAM's full range of lighting products.

Cosmetic Retail Business

During the Period, the Group looked for new retail business opportunity and, after careful studies of the cosmetic retail market in Hong Kong, decided to straddle in the cosmetic retail business. As an initial attempt, the Group has established three cosmetic retail shops during the third quarter this year, one at Kingswood Ginza of Tin Shui Wai, one at Fortune City One of Shatin and the remaining one at Chung Fu Plaza of Tin Shui Wai.

OUTLOOK

It is expected that the global component market will be fluctuating in the foreseeable future. The Group will continuously enhance its product design projects through cooperation with its customers and suppliers. Meanwhile, the Group will explore the business opportunities in North-Eastern part of China and look for new product lines, especially the lighting-related components.

More resources will also be allocated in the South Africa market. The Group will increase its market share through acquiring companies in the same industry by the Group's South Africa subsidiary if suitable opportunities arise. At the same time, the Group will enhance the online retail business in South Africa, more product variety will be added in the online platform, such as power-related products, equipment and batteries.

The Group anticipates that the retail market will keep growing. Therefore, the Group will expand its retail business. Regarding to the Computer Retail business, the Group will set up four new retail shops in Tin Shui Wai, Yuen Long and Ma On Shan respectively by the end of 2013 and plans to establish five or more computer retail shops in 2014.

The Group will continue to expand the cosmetic retail business and look for more locations for cosmetic retail shops. Three new shops are planned to set up in Shatin, Yuen Long and Sheung Shui respectively by the end of 2013. It is anticipated that the total number of cosmetic retail shops will increase to fifteen by 2014.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2013, the Group's cash and bank balances amounted to approximately HK$40 million and the net current assets were approximately HK$162 million. As at 30 September 2013, the current ratio dropped to approximately 2.24 (as at 31 March 2013: approximately 2.43). Out of the Group's cash and bank balances, about 34% and 30% were denominated in Hong Kong dollars and United States dollars respectively. The balance of approximately 15%, 11%, 8%, 1% and 1% of its total cash and bank balances was denominated in Chinese Renminbi, South African Rand, Malaysia Ringgit, Singapore dollars and New Taiwan dollars respectively.

The Group generally finances its operation by internally generated resources and banking facilities provided by banks in Hong Kong. As at 30 September 2013, the Group had banking facilities for overdrafts, loans and trade finance from banks totaling approximately HK$88 million (as at 31 March 2013: approximately HK$73 million), with an unused balance of approximately HK$38 million (as at 31 March 2013: approximately HK$27 million). During the Period, the Group's borrowings bore interest at rates ranging from 2.21% to 2.96% per annum (as at 31 March 2013: ranging from 1.90% to 2.91% per annum). The Directors believe that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements.

Compared with the audited balances as at 31 March 2013, the Group's trade receivables increased by 16% to HK$73 million whilst the Group's trade payables increased by 38% to HK$51 million. In the meantime, the Group's inventories increased by about 1% to approximately HK$168 million. The increase in the trade receivables was in line with the traditional trend of stronger sale performance in the third quarter as compared with that in the first quarter of each calendar year, which gave a higher trade receivables balance as at 30 September 2013. The debtors turnover days, the creditors turnover days and the inventory turnover days for the Period were 40 days, 31 days and 120 days respectively (as at 31 March 2013: 43 days, 32 days and 139 days respectively). The Group recorded net operating cash inflow of HK$7,912,000 and increased in net borrowing of bank loan of about HK$3,170,000 for the Period, compared with the net operating cash inflow of HK$168,000 and used in net repayment of bank borrowings of HK$1,748,000 for the Corresponding Period.

CAPITAL STRUCTURE

As at 30 September 2013, the Group's gross borrowing repayable within one year, amounted to approximately HK$50 million (as at 31 March 2013: approximately HK$46 million). After deducting cash and cash equivalents of approximately HK$40 million, the Group's net borrowings amounted to approximately HK$10 million (as at 31 March 2013: approximately

HK$10 million). The total equity as at 30 September 2013 was approximately HK$184 million (as at 31 March 2013: approximately HK$182 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, decreased to 5.4% (as at 31 March 2013: 5.5%).

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 Renminbi has been and is likely to remain stable, and the Hong Kong 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 2013, the Group had no significant risk exposure in regard to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

CHARGES ON ASSETS

As at 30 September 2013, the properties with the carrying value of approximately HK$18 million have been pledged to secure the general banking facilities granted to the Group's Singapore subsidiary.

COMMITMENT AND CONTINGENT LIABILITIES

As at 30 September 2013, the Group had total outstanding operating lease commitments of approximately HK$30 million (as at 31 March 2013: approximately HK$11 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 2013.

EMPLOYMENT, TRAINING AND REMUNERATION

As at 30 September 2013, the Group's operations engaged a total of 418 fulltime employees (as at 31 March 2013: 412). 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 of the employees. Benefits include staff accommodation, medical scheme and share option scheme, as well as Mandatory Provident Fund Scheme, Employment Provident Fund Scheme, Central Provident Fund Scheme and state sponsored retirement plans for the respective employees in Hong Kong, Malaysia, Singapore and the People's Republic of China.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.005 per ordinary share for the six months ended 30 September 2013 (2012: HK$0.005 per ordinary share). The interim dividend will be payable on 23 December 2013 (Monday) to shareholders whose names appear on the Register of Members of the Company as at 12 December 2013 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 10 December 2013 (Tuesday) to 12 December 2013 (Thursday), 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 9 December 2013 (Monday).

DEALINGS IN COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed shares during the six months ended 30 September 2013. 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 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

(i) 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, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 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 its shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the Period, the Company has 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 enquiries with the directors of the Company, the Company was of the view that the directors had complied with the said Code of Conduct throughout the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed with the 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 the reviewing of the unaudited condensed consolidated financial statements for the six months ended 30 September 2013. The Audit Committee comprises three independent non-executive directors, who currently are Dr. Leung Wai Cheung (Chairman), Mr. Charles E. Chapman and Mr. Ku Wing Hong, Eric.

PUBLICATION OF FURTHER INFORMATION

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company.

The interim report of the Company for the Period containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.mobicon.com) on or before 31 December 2013 (Tuesday).

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
Hung Kim Fung, Measure
Chairman

Hong Kong, 25 November 2013

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