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 2014

RESULTS

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 2014 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March 2014

	Note	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*2*	**603,276**	545,887
Cost of sales		**(493,092)**	(444,606)
Gross profit		**110,184**	101,281
Other income	*3*	**2,735**	1,292
Distribution and selling expenses		**(38,463)**	(36,438)
General and administrative expenses		**(64,023)**	(57,226)
Operating profit	*4*	**10,433**	8,909
Finance costs	*5*	**(1,175)**	(1,019)
Share of losses of associates		**(16)**	(87)
Profit before income tax		**9,242**	7,803
Income tax expense	*6*	**(3,911)**	(2,667)
Profit for the year		**5,331**	5,136
Profit attributable to:			
Equity holders of the Company		**1,013**	1,134
Non-controlling interests		**4,318**	4,002
		5,331	5,136
Earnings per share for profit attributable to the equity holders of the Company during the year – Basic and diluted	*7*	**HK0.51 cent**	HK0.57 cent

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

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**5,331**	5,136
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences:		
– Subsidiaries	**(4,447)**	(5,153)
– Associate	**(35)**	16
Revaluation gain on property, plant and equipment	**2,053**	8,058
Other comprehensive (expense)/income, net of tax	**(2,429)**	2,921
Total comprehensive income	**2,902**	8,057
Total comprehensive income attributable to:		
Equity holders of the Company	**634**	6,608
Non-controlling interests	**2,268**	1,449
	2,902	8,057

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2014

	Note	**2014** *HK$'000*	2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**26,351**	21,261
Investments in associates		**17**	68
		26,368	21,329
Current assets			
Inventories		**181,132**	165,825
Trade receivables	*9*	**61,603**	62,645
Other receivables and deposits		**14,014**	8,046
Current income tax recoverable		**185**	1,294
Cash and bank balances		**41,257**	35,854
		298,191	273,664
Total assets		**324,559**	294,993
Current liabilities			
Trade payables	*10*	**48,032**	36,966
Other payables		**34,035**	28,588
Amounts due to associates		**11**	15
Short-term bank loans		**58,963**	46,429
Current income tax liabilities		**1,088**	690
		142,129	112,688
Net current assets		**156,062**	160,976
Total assets less current liabilities		**182,430**	182,305
Non-current liabilities			
Deferred income tax liabilities		**–**	40
Net assets		**182,430**	182,265
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**144,897**	146,263
		164,897	166,263
Non-controlling interests		**17,533**	16,002
Total equity		**182,430**	182,265

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 of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment, which are carried at fair value.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group:

The Group has adopted the following new and amended standards and interpretations, which are mandatory for the first time for the financial year beginning 1st April 2013 and are relevant to its operations, in the preparation of the consolidated financial statements.

HKAS 1 (Amendment)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (2011) (Amendment)	Employee Benefits
HKAS 27 (2011) (Amendment)	Separate Financial Statements
HKAS 28 (2011) (Amendment)	Investments 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 Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK(IFRIC) – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2009–2011 Cycle

Except for as described below, the application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendment to HKAS 1, "*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*", regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The impact of the adoption of this amendment is shown in the consolidated statement of comprehensive income.

HKAS 28 (2011), "*Investments in Associates and Joint Ventures*", includes the requirement for joint ventures and associates to be equity accounted following the issue of HKFRS 11 "*Joint Arrangements*". The Group has already used the equity method to account for the associates.

HKFRS 10, "*Consolidated Financial Statements*" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group assesses HKFRS 10's impact and considered that there is minimal impact on the Group's consolidated financial statements.

HKFRS 12, "*Disclosures of Interests in Other Entities*" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has disclosed the relevant information for the investments in associates.

HKFRS 13, "*Fair Value Measurement*", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with HKFRSs. The Group has included the disclosure for financial assets and non-financial assets in the consolidated financial statements.

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

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9 and HKFRS 7 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions[2]
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 Derivative and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

[1] Change effective for annual periods beginning on or after 1st January 2014.
[2] Change effective for annual periods beginning on or after 1st July 2014.
[3] Change effective for annual periods beginning on or after 1st January 2016.
[4] The effective date to be determined.

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

2. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the year is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**446,335**	420,051
Sales of computer products, mobile accessories and other products and service income	**156,941**	125,836
	603,276	545,887

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, mobile accessories and other products, 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, finance costs and share of (losses)/profits of associates.

The segment results for the year ended 31st March 2014 are as follows:

	Electronic Trading Business *HK$'000*	**Computer Business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Revenue	446,335	156,941	–	603,276
Segment results	12,653	(1,420)	(800)	10,433
Finance costs	–	–	(1,175)	(1,175)
Share of losses of associates	(16)	–	–	(16)
Profit before income tax				9,242
Income tax expense				(3,911)
Profit for the year				5,331

The segment results for the year ended 31st March 2013 are as follows:

	Electronic Trading Business *HK$'000*	Computer Business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Revenue	420,051	125,836	–	545,887
Segment results	9,086	347	(524)	8,909
Finance costs	–	–	(1,019)	(1,019)
Share of (losses)/profits of associates	(144)	57	–	(87)
Profit before income tax				7,803
Income tax expense				(2,667)
Profit for the year				5,136

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Hong Kong (country of domicile)	**355,078**	319,586
Asia Pacific	**159,730**	142,834
South Africa	**73,146**	72,366
Europe	**1,538**	2,069
Other countries	**13,784**	9,032
	603,276	545,887

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

3. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Management fee from an associate	**92**	12
Management fee from third parties	**1,361**	953
Service fee from an associate	**4**	12
Commission income	**104**	123
Interest income from bank deposits	**120**	53
Interest income from an associate	**–**	9
Gain on a bargain purchase of a subsidiary	**861**	–
Other income	**193**	130
	2,735	1,292

4. EXPENSES BY NATURE

	2014	2013
	HK$'000	*HK$'000*
Costs of inventories expensed	**493,092**	444,606
Employee benefit expense	**60,029**	58,073
Depreciation of owned property, plant and equipment	**2,706**	1,449
Provision for impairment of trade receivables (included in general and administrative expenses)	**276**	338
Provision/(reversal of provision) for slow-moving inventories (included in cost of sales)	**2,601**	(154)
Operating lease rentals in respect of rented premises	**14,184**	10,647
Auditors' remuneration	**1,050**	1,050
(Gain)/loss on disposal of property, plant and equipment	**(215)**	61
Net foreign exchange gains	**(518)**	(1,028)

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expense on short-term bank loans, wholly repayable within one year	**1,175**	1,019

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 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.

	2014	2013
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong Profits Tax	**384**	294
– Overseas taxation	**3,582**	2,984
– Over provision in prior years	**(15)**	(603)
Deferred income tax	**(40)**	(8)
Income tax expense	**3,911**	2,667

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:

	2014	2013
	HK$'000	*HK$'000*
Profit before income tax	**9,242**	7,803
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	**1,525**	1,287
Effect of different tax rates of subsidiaries operating in other countries	**1,462**	1,170
Tax losses of subsidiaries not recognized	**120**	732
Utilization of previously unrecognized tax losses	**(9)**	(147)
Over provision in prior years	**(15)**	(603)
Others	**828**	228
Income tax expense	**3,911**	2,667

As the Company is an exempted company incorporated in Bermuda, it 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, 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. The exemption ended for the year ended 31st December 2013.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31st March 2014 is based on the Group's profit attributable to equity holders of the Company of approximately HK$1,013,000 (2013: HK$1,134,000) and on the weighted average number of 200,000,000 (2013: 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 2014 and 2013.

8. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Interim dividend paid of HK0.5 cent (2013: HK0.5 cent) per ordinary share	**1,000**	1,000
Proposed final dividend of HK0.5 cent (2013: HK0.5 cent) per ordinary share	**1,000**	1,000
	2,000	2,000

At a meeting held on 24th June 2013, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2013.

At a meeting held on 23rd June 2014, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2014. This proposed final 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 ended 31st March 2014.

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:

	2014	2013
	HK$'000	*HK$'000*
0 to 60 days	**58,417**	57,567
61 to 120 days	**1,017**	2,248
121 to 180 days	**2,052**	2,655
181 to 365 days	**996**	1,283
Trade receivables	**62,482**	63,753
Less: provision for impairment of trade receivables	**(879)**	(1,108)
	61,603	62,645

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

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong dollar	**33,351**	33,586
United States dollar	**12,901**	15,266
Singaporean dollar	**2,072**	380
Chinese Renminbi	**1,150**	979
Malaysian Ringgit	**2,967**	3,912
New Taiwan dollar	**232**	360
South African Rand	**8,930**	8,115
Others	**–**	47
	61,603	62,645

As at 31st March 2014, trade receivables of approximately HK$25,409,000 (2013: HK$29,092,000) 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:

	2014	2013
	HK$'000	*HK$'000*
0 to 60 days	**22,190**	24,101
61 to 120 days	**994**	1,352
121 to 180 days	**2,055**	2,641
181 to 365 days	**170**	998
	25,409	29,092

As at 31st March 2014, none of trade receivables (2013: HK$363,000) has been assigned to a bank with recourse as collateral under factoring arrangement.

As at 31st March 2014, trade receivables of approximately HK$276,000 (2013: HK$338,000) were impaired. The amount of the provision was approximately HK$879,000 as at 31st March 2014 (2013: HK$1,108,000). 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:

	2014	2013
	HK$'000	*HK$'000*
At beginning of the year	**1,108**	1,020
Receivables written off as uncollectible	**(455)**	(214)
Provision for impairment of trade receivables	**276**	338
Exchange differences	**(50)**	(36)
At end of the year	**879**	1,108

10. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 to 60 days	**45,145**	34,806
61 to 120 days	**1,436**	1,373
121 to 180 days	**415**	516
181 to 365 days	**1,036**	271
	48,032	36,966

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong dollar	**6,998**	8,169
United States dollar	**34,584**	24,103
Singaporean dollar	**42**	52
Chinese Renminbi	**433**	983
Malaysian Ringgit	**916**	1,105
New Taiwan dollar	**133**	128
South African Rand	**4,844**	2,335
Others	**82**	91
	48,032	36,966

FINANCIAL RESULT

The performance of the Company and its subsidiaries (the "Group") for the year under review was improved as the economies in Europe and the US have become stable. For the financial year ended 31st March 2014, the Group recorded a turnover of around HK$603 million, representing an increase of about 10.4% from approximately HK$546 million recorded in the last year. Gross profit increased by about 8.9% from approximately HK$101 million in the last year to around HK$110 million in this year, while the gross profit margin slightly decreased by approximately 0.3% to around 18.3% from about 18.6% in the last year. The Group's operating profit maintained at approximately HK$10 million (31st March 2013: approximately HK$9 million), and the profit attributable to shareholders was approximately HK$1 million (31st March 2013: approximately HK$1.1 million). This represented earnings per share of around HK$0.005 (about HK$0.006 as at 31st March 2013). The Board has resolved that subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, a final dividend of HK0.5 cent per ordinary share shall be declared for the year ended 31st March 2014, totalling HK$1 million to the shareholders whose names appeared on the register of members of the Company on 19th August 2014. The final dividend, if approved, is expected to be paid on 28th August 2014.

During the year under review, 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 VideoCom (the "Computer Retail Business") and (ii) the distribution of computer products and consumer products under the brand of (the "Computer Distribution Business"). During the year under review, the Group's turnover derived from the Electronic Trading Business increased approximately 6.2% to about HK$446 million from approximately HK$420 million in the last year, whilst the turnover from the Computer Business was recorded as about HK$157 million, which represented an increase of approximately 25% from about HK$126 million in the last year.

For the year ended 31st March 2014, the Group's total operating expenses were approximately HK$102 million, representing an increase of about 8.5% (31st March 2013: about HK$94 million), among which the distribution and selling expenses were approximately HK$38 million which have increased by 5.6% from HK$36 million in the last year. The increase was mainly attributable to the increase of sales related costs as a result of an increase in sales and the number of retail shops. During the year under review, the general and administrative expenses increased significantly by about 12.3% to around HK$64 million (31st March 2013: about HK$57 million). While the Group continued to control the headcount in Electronic Trading Business and Computer Distribution Business, the Group allocated more resources to Computer Retail Business in Hong Kong Market. As at 31st March 2014, the headcount for Computer Retail Business increased significantly by about 71% from 24 full-time employees last year to 41 full-time employees. Among the Group's subsidiaries, South Africa subsidiary increased the headcount from 113 full-time employees last year by about 12% to 127 full-time employees. Meanwhile, finance cost for the year increased by about 20% to approximately HK$1.2 million (31st March 2013: about HK$1 million).

During the year under review, the Group had commissioned market research on the cosmetic retail business in Hong Kong in order to look for new business opportunity for the Group and enhance the revenue base for the shareholders of the Company. In July 2013, the Group set up its first cosmetic retail shop in Kingswood Ginza of Tin Shui Wai under the brand name of wishh!. As at 31st March 2014, there were nine cosmetic retail shops operated by the Group in Hong Kong all under the brand name of wishh!. As it was still in the infant stage, a moderate turnover was recorded from the Group's cosmetic retail business for the year ended 31st March 2014.

BUSINESS REVIEW

During the year under review, 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 VideoCom (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 approximately 74% and 26% respectively of the Group's total turnover for the year ended 31st March 2014.

By analysis on the two core business operations, the gross profit margin of the Electronic Trading Business decreased slightly to around 19% (31st March 2013: about 19.6%), whereas the gross profit margin of the Computer Business increased slightly to about 16.3% (31st March 2013: about 15%) for the year ended 31st March 2014.

Electronic Trading Business

Hong Kong

For the year ended 31st March 2014, turnover of the Group's Electronic Trading Business increased about 6.2% to approximately HK$446 million from approximately HK$420 million in the last year.

During the year under review, the consumption demand in the European and the US markets has been improved as a result of the stable European and the US economies. The Group's customers have re-activated their production which had been postponed due to the European economic turmoil and the US economic recession. Moreover, one of the Group's suppliers has referred several customers in Southern China to the Group. This helped to improve the Group's turnover in Electronic Trading Business.

Meanwhile, the Group has entered into an agency agreement for the Asian region with RediSem Limited (a provider of power management semiconductor products) and SemiLEDs Optoelectronics Co., Limited (a provider of UV LED chips) respectively 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$111 million (for the year ended 31st March 2013: about HK$118 million), representing a decrease of about 5.9%. The decrease was mainly attributed by the drop of turnover of the Malaysia subsidiary. The turnover of the Malaysia subsidiary decreased significantly from approximately HK$20 million in the last year by about 40% to approximately HK$12 million in this year. It was because one of the Group's customers specializing in smart power meters postponed the production of its latest model due to the quality issue.

During the year under review, the exchange rate of South African Rand to Hong Kong dollar has depreciated by about 12.7% as compared with that of as quoted in last year. Therefore, the growth rate of turnover of the Group's South Africa subsidiary was shrunk. The Group's South Africa subsidiary recorded the turnover of approximately HK$73 million, representing a slightly increase of about 1.4% from approximately HK$72 million in the last year.

During the year under review, the subsidiary in South Africa acquired the business of Suntronika (Pty) Ltd and AP Electronics in Johannesburg. The Group believes that this acquisition can strengthen the Group's customer bases and product lines which in turn can contribute the Group's turnover.

In terms of geographical segments, the contributions of Hong Kong, Asia-Pacific region (other than Hong Kong), South Africa, Europe and other regions accounted for 59%, 26%, 12%, 1% and 2% respectively of the Group's total turnover during the year under review.

Computer Business

Computer Retail Business

For the year ended 31st March 2014, the Computer Retail Business, operating under the brand of VideoCom, recorded a turnover of approximately HK$37 million (31st March 2013: approximately HK$26 million). This remarkable increment was mainly attributed by the continuous expansion of the retail outlets coverage. During the year under review, three retail shops were set up at Metro Town of Tseung Kwan O, Chung Fu Plaza of Tin Shui Wai and Ma On Shan Plaza. In the meantime, the Group has selected some retail shops and introduced low cost smartphone to test the market. The responses received by the Group were positive.

Computer Distribution Business

For the year ended 31st March 2014, the turnover of APower Holdings Limited, a subsidiary of the Group carrying on the Computer Distribution Business, was about HK$111 million, representing an increase of about 12.1% from about HK$99 million in the previous year. The increment was mainly attributed by the increase in the export volume of flash memory card, which was the principal business of APower Holdings Limited. Moreover, the substantial growth of sales of the mobile battery chargers produced by Samya Technology Co., Limited also contributed to the turnover of APower Holdings Limited.

During the year ended 31st March 2014, the Group entered into an agency agreement with OSRAM Prosperity Co., Limited (a provider of lighting products). Such agency agreement allowed the Group to expand the market segment in the lighting industry.

Cosmetic Retail Business

The Group believed that there was good prospect for retail business. After market research, the Group decided to straddle in the Korean cosmetic retail business under the brand name of wishh! in July 2013.

During the year under review, the Group has set up cosmetic retail shop in San Po Kong, Kingswood Ginza and Chung Fu Plaza of Tin Shui Wai, Fortune City One, Shatin Centre of Shatin, Sheung Shui Centre, Choi Yuen Plaza of Sheung Shui, Citi Mall of Yuen Long and Lok Fu Plaza of Lok Fu respectively. A professional team has been set up to operate and promote cosmetic retail business. A moderate turnover was recorded from the Group's cosmetic retail business for the year ended 31st March 2014 and it was classified as sales of other products.

DEVELOPMENT STRATEGY AND OUTLOOK

To cope with the trend of online purchase, the Group will enhance the Company's website and enrich the database. At the same time, the Group will increase the website traffic by promotion through online channel.

Acquiring agentship of famous components and equipment brand is always the Group's strategy. Therefore, the Group will continuously look for potential supplier and increase the Group's agentline. The Group believes that this strategy can further broaden our customers bases.

The Group will control the operation expenses of several oversea subsidiaries including Malaysia, Singapore and Taiwan. More resources will be allocated to subsidiaries in South Africa and China as these two markets have better business growth.

Regarding the Computer Distribution Business, the Group will increase the product ranges of the Group's flagship brand MEC™. Products with creative and fashion designs will be introduced.

The Group will continuously look for potential location to set up retail shops for our retail brand VideoCom. Two more retail shops will be set up in Tin Chak Shopping Centre of Tin Shui Wai and Hau Tak Shopping Centre of Tseung Kwan O in June and July 2014 respectively. The Group targets to set up two more retail shops in the next financial year. Due to the popularity of low cost smartphone, the Group believes that introduction of low cost smartphone will increase the Group's turnover. Therefore, low cost smartphone counters will be set up in all of the Group's retail shops.

The Group believes that there are good prospects for the growth of retail business. Therefore more effort will be allocated to retail business. In the next financial year, more cosmetic retail shops will be set up in Metro Town, Metro City Plaza, Hau Tak Shopping Centre of Tseung Kwan O, Tuen Mun On Ting Commercial Complex, Whampo Garden of Hung Hum, Ma On Shan Plaza, Tin Chak Shopping Centre of Tin Shui Wai and Wong Tai Sin Plaza respectively. The Group targets to set up a total of 20 cosmetic retail shops in Hong Kong in next financial year. The Group will introduce more Korean brand skin care products which help to enrich the product variety.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has a stable financial foundation. As at 31st March 2014, the Group's cash and bank balances were approximately HK$41 million (as at 31st March 2013: approximately HK$36 million) of which about 32% and 30% were denominated in United States dollars and Hong Kong dollars respectively. Approximately 18%, 11%, 7%, 1%, and 1% of the balance of its total cash and bank balances were correspondingly denominated in Chinese Renminbi, South African Rand, Malaysian Ringgit, New Taiwan dollars and Singaporean dollars. The Group's total assets amounted to approximately HK$325 million (as at 31st March 2013: approximately HK$295 million). Net assets per share amounted to approximately HK$0.91 (as at 31st March 2013: approximately HK$0.91). Dividend and basic earnings per share were approximately HK$0.01 and HK$0.005 respectively (as at 31st March 2013: approximately HK$0.01 and HK$0.006 respectively).

As at 31st March 2014, the Group had banking facilities for overdrafts, loans and trade finance from several banks totalling approximately HK$88 million (as at 31st March 2013: approximately HK$73 million), with an unused balance of approximately HK$29 million (as at 31st March 2013: approximately HK$27 million). The Directors believe that the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

CAPITAL STRUCTURE

As at 31st March 2014, the total borrowings of the Group were approximately HK$59 million (as at 31st March 2013: HK$46 million), which 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 2014 were denominated in Hong Kong dollars. These short-term loans and trade finance were secured by the Company's corporate guarantees of around HK$84 million and the leasehold properties in Singapore (as at 31st March 2013: HK$69 million), with a maturity term of one to four months, and such short-term loans can be rolled over afterwards at the Group's discretion.

During the year under review, interest rates for the Group's borrowings ranged from 2.21% to 2.96% per annum (for the year ended 31st March 2013: 1.90% to 2.91% per annum).

GEARING RATIO

As at 31st March 2014, the Group's gross borrowings, which was repayable within one year, amounted to approximately HK$59 million (as at 31st March 2013: approximately HK$46 million). After deducting cash and cash equivalents of approximately HK$41 million, the Group's net borrowings amounted to approximately HK$18 million (as at 31st March 2013: approximately HK$10 million). Total equity as at 31st March 2014 was approximately HK$182 million (as at 31st March 2013: approximately HK$182 million). As a result, the Group's net gearing ratio, based on net borrowings to total equity, increased to 9.9% (as at 31st 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 be under control and that the Hong Kong Government's policy of linking the Hong Kong dollars to the US dollars remains in effect, the Directors consider that the risk facing by the Group on foreign exchange will remain minimal and no hedging or other alternative measures have been undertaken by the Group. As at 31st March 2014, 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 2014, the properties with carrying value of approximately HK$20 million have been pledged to secure the general banking facilities granted to the Group's Singapore subsidiary.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March 2014, the Group had total outstanding operating lease commitments of approximately HK$43 million (as at 31st March 2013: HK$11 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 2014.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2014, the Group had a total of 429 full-time employees inclusive of its staff in Hong Kong and overseas subsidiaries. The Group has developed our human resources policies and procedures based on the performance, merits and market conditions. Discretionary bonus will be distributed based on 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 8th August 2014 to 12th August 2014, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the annual general meeting, all transfers 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 7th August 2014. The Register of Members of the Company will be closed from 18th August 2014 to 19th August 2014, during which period no transfer of shares will be effected, and the final dividend will be paid on 28th August 2014. 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 the above address not later than 4:30 p.m. on 15th August 2014.

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 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 Corporate Governance Code (the "Code") 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:

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. The independent non-executive directors of the Company ("INEDs") are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company under Bye-law 111 of the Company's Bye-laws.

Code Provision A.4.2 of the Code 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.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Group 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 2014 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 of the Company and published on the websites of the Stock Exchange and the Company in early of July 2014.

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 continuous support to and confidence in the Group.

By order of the Board
Hung Kim Fung, Measure
Chairman

Hong Kong, 23rd June 2014

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.