

IMPORTANT

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MOBICON GROUP LIMITED

萬保剛集團有限公司*

(the "Company")

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

Directors:

Hung Kim Fung, Measure (*Chairman*)

Yeung Man Yi, Beryl

Hung Ying Fung

Yeung Kwok Leung, Allix

Charles E. Chapman[#]

Leung Wai Cheung[#]

Chow Shek Fai[#]

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Office:

7th Floor, New Trend Centre

704 Prince Edward Road East

San Po Kong

Kowloon

Hong Kong

18 July 2005

[#] *Independent non-executive Directors*

To the shareholders of the Company (the "Shareholders"),

Dear Sir or Madam,

**GENERAL MANDATES FOR THE REPURCHASE
BY THE COMPANY OF ITS OWN SHARES AND
THE ISSUE OF NEW SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

GENERAL MANDATE TO ISSUE NEW SHARES

Approval is being sought from the Shareholders at the annual general meeting to be held by the Company on 11 August 2005 (the "Annual General Meeting") to grant a general mandate in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable for the Company to issue shares of HK\$0.10 each (the "Shares")

* *For identification purpose only*

equal in aggregate to up to 20 per cent. of its existing issued share capital as at the date of the passing of the relevant resolution. The obtaining of such a mandate is in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Directors wish to state that they have no immediate plans to issue any new share of the Company.

SHARE BUY BACK MANDATE

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities, subject to certain restrictions, on the Stock Exchange. At the Annual General Meeting, a resolution will be proposed to grant the Directors a general mandate to, inter alia, repurchase up to 10 per cent. of the issued share capital of the Company as at the date of the passing of the relevant resolution (the “Buyback Mandate”). In addition, a resolution will be proposed to provide the Directors with a general mandate to allot and issue Shares of the Company up to an amount not exceeding 20 per cent. of the share capital of the Company in issue as at the date of the passing of such resolution and adding to such general mandate, by a separate resolution to be proposed at the Annual General Meeting, any Share repurchased by the Company pursuant to the Buyback Mandate (up to a maximum of 10 per cent. of the Company’s issued share capital as at the date of the passing of the resolution). The Company is required by the relevant rules set out in the Listing Rules regulating such share repurchases to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. Such information is provided below.

(i) Listing Rules

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully-paid up securities on the Stock Exchange subject to certain restrictions.

(ii) Exercise of the Buyback Mandate

Exercise in full of the Buyback Mandate, assuming that no further Shares will be issued and repurchased prior to the Annual General Meeting, and on the basis of 200,000,000 Shares in issue as at 12 July 2005 (the latest practicable date prior to the printing of this circular) (the “Latest Practicable Date”), could accordingly result in up to a maximum of 20,000,000 Shares, which represents 10% of the issued share capital of the Company, repurchased by the Company during the course of the period from the passing of the relevant ordinary resolution granting the Buyback Mandate until the conclusion of the next annual general meeting or when revoked or varied by ordinary resolutions of the Shareholders in general meeting or the expiration of the period within which the next annual general meeting is required by statute or the bye-laws of the Company (the “Bye-laws”) to be held, whichever occurs first.

(iii) Reasons for repurchase

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Company to repurchase the Shares on the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

(iv) Funding of repurchase

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the laws of Bermuda. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company. In the event that any repurchase will or will be likely to have an adverse impact on the working capital or gearing position of the Company, the Company will not proceed with such repurchase.

It is not envisaged by the Directors that any repurchase of Shares pursuant to the Buyback Mandate (including a repurchase of the maximum number of Shares under such mandate effected in full at any time during the period of the mandate) would have a material adverse impact on the working capital or gearing position of the Company (as compared with the financial position of the Company as at 31 March 2005 (being the date of its latest audited consolidated financial statements)).

(v) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their respective associates, has any present intention, if the Buyback Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

If as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") currently in force and issued by the Securities and Futures Commission of Hong Kong. As a result, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and becomes obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he or she or it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the power of the Company to make repurchases pursuant to the proposed Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

As at the Latest Practicable Date, M2B Holding Limited, Bestmark Management Limited and Mr. Hung Ying Fung, were the registered holders of 90,000,000 Shares, 30,000,000 Shares and 22,500,000 Shares of the Company respectively representing approximately 45 per cent., 15 per cent. and 11.25 per cent. of the issued share capital of the Company respectively. In the event that the power to repurchase Shares is exercised in full, the shareholding of M2B Holding Limited, Bestmark Management Limited and Mr. Hung Ying Fung, together with their respective associates, in the Company would be increased to approximately 50 per cent., 16.7 per cent. and 12.5 per cent. of the issued share capital of the Company respectively. The Directors are aware that such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code and reduce the amount of Shares held by the public to less than 25 per cent.. The Company has no intention to repurchase Shares to such an extent which will result in the amount of Shares held by the public being reduced to less than 25 per cent.. The Company has no present intention to exercise the Buyback Mandate to such an extent as would result in takeover obligations.

The Company has not repurchased any securities of the Company on the Stock Exchange or otherwise in the six months prior to the date of this circular.

(vi) Share prices

The highest and lowest prices at which the shares of the Company have traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

2004			
month	Highest	Lowest	
	<i>HK\$</i>	<i>HK\$</i>	
July	1.01	0.95	
August	1.02	0.95	
September	1.00	0.97	
October	0.99	0.98	
November	1.00	0.96	
December	1.08	0.98	
 2005			
month	Highest	Lowest	
	<i>HK\$</i>	<i>HK\$</i>	
January	1.10	0.98	
February	0.99	0.99	
March	1.10	1.01	
April	1.08	1.03	
May	1.06	0.98	
June	1.02	1.00	

RE-ELECTION OF DIRECTORS

One-third of the Directors, except the Chairman, are subject to retirement by rotation pursuant to the Bye-laws. As set out in item 3 in the notice of the Annual General Meeting regarding re-election of Directors, Ms. Yeung Man Yi, Beryl (“Ms. Yeung”), Mr. Yeung Kwok Leung, Allix (“Mr. Yeung”) and Mr. Chow Shek Fai (“Mr. Chow”) will retire at the Annual General Meeting by rotation and, being eligible, offer themselves for re-election.

Ms. Yeung, aged 43, executive director

Ms. Yeung was appointed on 30 January 2001. She is responsible for the finance, administration and internal control of the Group. Ms. Yeung was a founder of the Group and the deputy chairman of the Company, and has over 24 years of experience in the electronic industry. Other than holding of directorship in the Company, Ms. Yeung is also a director of the following subsidiaries of the Group:

A Plus Computer Holdings Limited, A Plus Electronic Company Limited, A Power Limited, Arkia Advance Limited, Conwise Power Limited, M-Tec Electronic Limited, MCU Power Limited, MEC Quartz Limited, Milliard Devices Limited, Mobicon (BVI) Limited, Mobicon Agent Limited, Mobicon Holdings Limited, Mobicon Malaysia Limited, PC Master Limited, Partners 2 Limited and Sensor Power Limited.

As at the Latest Practicable Date, the interests and short positions of Ms. Yeung in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”)), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long position in the Shares and shares of an associated corporation

- (i) Ordinary shares of HK\$0.10 each in the Company

Number	Capacity	Percentage of issued share capital
90,000,000	Family interest	45%

- (ii) Non-voting deferred shares of HK\$1.00 each in a subsidiary – A Plus Electronic Company Limited

Number	Capacity	Percentage of issued share capital
300,000	Personal interest	30%

Ms. Yeung as an executive director has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 April 2001 pursuant to which Ms. Yeung is entitled to annual emoluments (inclusive of bonus entitlement) of HK\$1,300,000, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. The basis of determination of her emoluments is by reference to market terms, and performance, qualification and experience of Ms. Yeung. Moreover, Ms. Yeung is the wife of Dr. Hung Kim Fung, Measure, the Chairman of the Company and the sister of Mr. Yeung. Ms. Yeung is also the sister-in-law of Mr. Hung Ying Fung, the executive director of the Company. Save as disclosed above, Ms. Yeung is not related to any other directors, senior management or substantial or controlling shareholders of the Company.

Mr. Yeung, aged 42, executive director

Mr. Yeung was appointed on 30 January 2001. He is responsible for the management and the business development of the retail business of the Group. Mr. Yeung was a founder of the Group, and has over 19 years of experience in the electronics and computer industry. Other than holding of directorship in the Company, Mr. Yeung is also the director of the following subsidiaries and associated company of the Group:

A Plus Electronic Company Limited, Create Tech Software Systems Limited, M-Tec Electronic Limited, Mobicon (BVI) Limited, Mobicon Agent Limited, Mobicon Electronic Trading (Shenzhen) Limited, Mobicon Holdings Limited, Mobicon-Remote Electronic Pte Ltd., Mobicon-Remote Electronic Sdn Bhd and Sensor Power Limited.

As at the Latest Practicable Date, the interests and short positions of Mr. Yeung in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long position in the Shares and shares of an associated corporation

(iii) Ordinary shares of HK\$0.10 each in the Company

Number	Capacity	Percentage of issued share capital
30,000,000	Family interest	15%

(iv) Non-voting deferred shares of HK\$1.00 each in a subsidiary – A Plus Electronic Company Limited

Number	Capacity	Percentage of issued share capital
200,000	Personal interest	20%

Mr. Yeung as an executive director has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 April 2001 pursuant to which Mr. Yeung is entitled to annual emoluments (inclusive of bonus entitlement) of HK\$845,000, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. The basis of determination of his emoluments is by reference to market terms, and performance, qualification and experience of Mr. Yeung. Moreover, Mr. Yeung is the brother of Ms. Yeung and the brother-in-law of Dr. Hung Kim Fung, Measure, the Chairman of the Company. Save as disclosed above, Mr. Yeung is not related to any other directors, senior management or substantial or controlling shareholders of the Company.

Mr. Chow, aged 54, independent non-executive director

Mr. Chow was appointed on 18 August 2004. He was graduated from the Chinese University of Hong Kong with a Bachelor of Social Science and subsequently obtained a Diploma of Education there. He had served in De La Salle Secondary School, New Territories for 29 years and held final position as Principal for ten years. Mr. Chow is also the registered manager of Lo Wu Public School. Mr. Chow holds a number of education and community positions, including vice-chairman of the executive committee of Hong Kong Schools Sports Federation, senator of Hong Kong Professional Teachers' Union and village representative of Lo Wu Village, Ta Kwu Ling.

Mr. Chow is not related to any other directors, senior management or substantial or controlling shareholders of the Company, As at the Latest Practicable Date, Mr. Chow did not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Chow does not have any service contract with the Company but he is subject to retirement by rotation and re-election at annual general meeting of the Company. His director's fee which is determined based on the market rate and his anticipated time, effort and expertise to be exercised on the Company's affairs, is HK\$80,000 per annum. Other than director's fee, Mr. Chow is not entitled to any other emoluments.

RIGHT TO DEMAND A POLL

Pursuant to existing bye-law 73 of the Bye-laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or

- (c) by any Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against the resolution.

RECOMMENDATION

The Directors consider that the adoption of the general mandate to issue Shares and the Buyback Mandate are in the best interests of the Company and its Shareholders and accordingly recommend that all Shareholders should vote in favour of the relevant ordinary resolutions to be proposed at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
Hung Kim Fung, Measure
Chairman

NOTICE OF ANNUAL GENERAL MEETING



MOBICON GROUP LIMITED

萬保剛集團有限公司*

(the "Company")

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the "Company") will be held at Yau Yat Chuen Garden City Club, 7 Cassia Road, Yau Yat Chuen, Kowloon, Hong Kong on 11 August 2005, Thursday at 11:30 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March 2005.
2. To declare a final dividend for the year ended 31 March 2005.
3. To re-elect directors and to authorise the board of directors to fix their remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolution as ordinary resolution:

A. "THAT:—

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the Company (the "Shares") and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period (as hereinafter defined);

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or scrip dividend scheme of the Company or the exercise of the subscription rights under the share option scheme of the Company shall not exceed twenty per cent. (20%) of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to the holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

B. “THAT:–

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

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- (b) the aggregate nominal amount of Shares repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period (as hereinafter defined) shall not exceed ten per cent. (10%) of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. “**THAT** conditional upon resolution no. 5B above being passed, the aggregate nominal amount of the number of Shares which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 5A above.”

The register of members will be closed from Thursday, 4 August 2005 to Friday, 5 August 2005 both days inclusive.

By order of the Board
Yeung Kin Kwan, Alvan
Company Secretary

Hong Kong, 18 July 2005

Principal Office:
7th Floor
New Trend Centre
704 Prince Edward Road East
San Po Kong
Kowloon
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

MEMBERS OF THE BOARD

As at the date of this circular, 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 as executive Directors and Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Chow Shek Fai as independent non-executive Directors.

Notes:—

- (1) In order to qualify for the final dividend payable on 18 August 2005, all transfer, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1726, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m., Wednesday, 3 August 2005.
- (2) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
- (3) In order to be valid, the form of proxy must be lodged with the Company's Share Registrar in Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.