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MOBICON GROUP LIMITED

萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

CONNECTED TRANSACTION ACQUISITION OF AN ADDITIONAL 25% INTEREST IN A SUBSIDIARY

The Purchaser entered into an agreement on 15 October 2007 for the acquisition of 25% of the issued share capital of MCU Power from the Vendor for an aggregate consideration of HK\$305,177 in cash.

The Vendor was a substantial shareholder of MCU Power before the acquisition and, to the knowledge of the Directors, is controlled by Mr. Yan Chi Kuen, a former director of MCU Power within the preceding 12 months.

The Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios is more than 2.5% but less than 25%, the Agreement is subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules.

AGREEMENT DATED 15 OCTOBER 2007 (THE "AGREEMENT")

Parties:

Vendor: Kong Tat Asia Limited (the "Vendor")

Purchaser: Partners 2 Limited (the "Purchaser"), an indirect wholly-owned subsidiary of Mobicon Group Limited (the "Company")

Assets acquired:

250,000 shares of HK\$1 each of MCU Power Limited ("MCU Power"), representing 25% of its issued share capital. The balance of the issued share capital of MCU Power is owned by the Purchaser. Accordingly, after the acquisition under the Agreement, MCU Power became an indirect wholly-owned subsidiary of the Company.

MCU Power is a company incorporated in Hong Kong. It is principally engaged in trading and distribution of electronic parts and components in Hong Kong. The financial statements of MCU Power for the two years ended 31 March 2006 and 31 March 2007 have been audited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. For the year ended 31 March 2006, its net profits before taxation and extraordinary items was HK\$3,794,556 and a loss before tax for the year ended 31 March 2007 of HK\$3,937,873 was recorded. For the year ended 31 March 2006, its net profits after taxation and extraordinary items was HK\$3,135,034 and a loss after tax for the year ended 31 March 2007 of HK\$3,936,907 was recorded. MCU Power recorded a loss for the year ended 31 March 2007 mainly attributable to the decrease in revenue as a result of the competition in the market on distribution of electronic parts and components in relation to MP3 products, the largest products distributed by MCU Power for the financial year 2007. The net assets value of MCU Power as at 31 March 2007 was HK\$1,220,709. MCU Power allotted the 250,000 shares to the Vendor for cash at par on 13 May 2004.

Consideration:

HK\$305,177 in cash.

The consideration was arrived at after arm's length negotiations and with reference to the net assets value of MCU Power as at 31 March 2007.

The directors of the Company (including the independent non-executive directors) (the "Directors") consider that the terms of acquisition under the Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the shareholders as a whole.

Funding:

The purchase price was funded from internal resources of the Company and its subsidiaries.

Completion:

The acquisition was completed and the consideration was paid under the Agreement.

Reasons for the transaction:

The Company considers that this acquisition will allow the Purchaser to have the full control over the business operations of MCU Power following the cessation of the Vendor and Mr. Yan Chi Kuen as the shareholder and director of MCU Power respectively. The Company also considers that by obtaining full control over the business operations of MCU Power, they can diversify and further enhance the product range of the products to be distributed by MCU Power.

Connection between the parties:

The Vendor was a substantial shareholder of MCU Power before the acquisition and, to the knowledge of the Directors, is controlled by Mr. Yan Chi Kuen, a former director of MCU Power within the preceding 12 months.

Information for shareholders:

The Company is an investment holding company. Its subsidiaries are principally engaged in the trading and distribution of electronic parts, components and equipment and computer products and accessories.

To the knowledge of the Directors, the Vendor is principally engaged in the provision of consultancy services.

For the Company, the acquisition is a connected transaction under the Chapter 14A of the Listing Rules. As one of the applicable percentage ratios is more than 2.5% but less than 25%, the Agreement is subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules.

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

By Order of the Board
Mobicon Group Limited
Hung Kim Fung Measure
Chairman

Hong Kong, 17 October 2007

* for identification purpose only

"Please also refer to the published version of this announcement in The Standard."