SINCE 1983

MOBICON GROUP LIMITED
萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

CONTINUING CONNECTED TRANSACTIONS

On 11th February 2008, Videocom, a wholly-owned subsidiary of the Company (as tenant) and M-Bar (as landlord) entered into a new tenancy agreement to renew certain tenancies in respect of certain shops in Golden Shopping Centre and Wonder Building and to enter into a new tenancy in respect of Unit No. 69, 1st Floor, Golden Shopping Centre, Golden Building for a term of three years commencing from 1st February 2008 to 31st January 2011. M-Bar is a company beneficially owned as to 30% by Dr. Hung Kim Fung, Measure, 30% by Ms. Yeung Man Yi, Beryl, 20% by Mr. Hung Ying Fung and as to the remaining 20% by Mr. Yeung Kwok Leung, Allix, all of whom being the executive directors of the Company.

In order to unify the terms of all the existing tenancies with M-Bar, Mr. Yeung Kwok Leung, Allix and his spouse, Madam Wan Lam Keng respectively, on 11th February 2008, (i) MHL, a wholly-owned subsidiary of the Company (as tenant) and M-Bar (as landlord) entered into a termination agreement to terminate certain tenancies of certain premises in New Trend Centre and Efficiency House and two new tenancy agreements in respect of the same premises for a term of three years commencing from 1st February 2008 to 31st January 2011; (ii) Videocom (as tenant) and Mr. Yeung Kwok Leung, Allix (as landlord) entered into a termination agreement to terminate the tenancies of two shops in Wonder Building and a new tenancy agreement in respect of the same shops for a term of three years commencing from 1st February 2008 to 31st January 2011; and (iii) Videocom (as tenant) and Madam Wan Lam Keng (as landlord) entered into a termination agreement to terminate the tenancies of two shops in Wonder Building and a new tenancy agreement in respect of the same shops for a term of three years commencing from 1st February 2008 to 31st January 2011.

All the New Tenancy Agreements constitute continuing connected transactions of the Company under the Listing Rules.

* *for identification purpose only*

The Board confirms that the aggregate rentals payable under the New Tenancy Agreements in each financial year does not exceed the relevant thresholds as set out in Rule 14A.34 of the Listing Rules and therefore, the transactions under the New Tenancy Agreements fall under Rule 14A.34 of the Listing Rules and are only be subject to the annual review, reporting and announcement requirements as set out in Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.47 of the Listing Rules.

This announcement is made by the Board pursuant to Rule 14A.47 of the Listing Rules.

DETAILS OF THE TRANSACTIONS

A. Renewal of tenancies and entering into a new tenancy between Videocom Technology (HK) Limited (“Videocom”) and M-Bar Limited (“M-Bar”)

On 11th February 2008, Videocom, a wholly-owned subsidiary of the Company (as tenant) and M-Bar (as landlord) entered into a new tenancy agreement to (i) renew the tenancies in respect of following shops (other than the New Shop (as defined below)) and (ii) enter into a new tenancy in respect of Unit No. 69, 1st Floor, Golden Shopping Centre, Golden Building, 94A Yen Chow Street, Shamshuipo, Kowloon, Hong Kong (the “New Shop”) for a term of three years commencing from 1st February 2008 to 31st January 2011 (both dates inclusive) at the respective monthly rentals as set out below (inclusive of rates, Government rent and management charges). M-Bar is a company beneficially owned as to 30% by Dr. Hung Kim Fung, Measure, 30% by Ms. Yeung Man Yi, Beryl, 20% by Mr. Hung Ying Fung and as to the remaining 20% by Mr. Yeung Kwok Leung, Allix (“Mr. Allix Yeung”), all of whom being the executive directors of the Company:

	Premises	Gross Floor Area *(sq.ft.)*	Monthly Rental *(HK$)*	Use
1.	Unit No. 32, 1st Floor, Golden Shopping Centre, Golden Building, 94A Yen Chow Street, Shamshuipo, Kowloon, Hong Kong	160	16,000	Shop
2.	Unit No. 69, 1st Floor, Golden Shopping Centre, Golden Building, 94A Yen Chow Street, Shamshuipo, Kowloon, Hong Kong	214	28,000	Shop
3.	Shop No. 7, 1st Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	161	3,500	Shop
4.	Shop No. 8, 1st Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	161	3,500	Shop
5.	Shop No. 32, 1st Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	161	3,000	Shop

	Premises	Gross Floor Area *(sq.ft.)*	Monthly Rental *(HK$)*	Use
6.	Shop No. 36, 1st Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	158	3,000	Shop/Storage

The tenancies of the above premises are collectively called the "First Tenancies".

B. Termination of tenancies and entering into new tenancies between Mobicon Holdings Limited ("MHL") and M-Bar

Reference is made to the announcements of the Company dated 26th August 2004, 10th October 2005 and 11th April 2006 respectively. In order to unify the terms of all the tenancies leased from M-Bar for better administrative and cost saving purposes, on 11th February 2008, MHL (as tenant) (i) entered into a termination agreement to early terminate the tenancy agreement dated 20th October 2004, the tenancy agreement dated 3rd December 2005 and the lease dated 11th May 2006 with original expiry dates of 30th June 2008, 30th September 2008 and 30th June 2008 respectively in respect of the following premises and (ii) entered into two new tenancy agreements of the same premises with M-Bar for a term of three years commencing from 1st February 2008 to 31st January 2011 (both dates inclusive) at the respective monthly rentals as set out below:

	Premises	Gross Floor Floor Area *(sq.ft.)*	Monthly Rental *(HK$)*	Use
1.	Private Car Parking Space No. 6 on 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	Parking
2.	Private Car Parking Space No. 13 on 4th Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	Parking
3.	Private Car Parking Space No. 24 on 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	Parking
4.	Private Car Parking Space No. 25 on 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	–	2,000	Parking
5.	Units 1–11 on 7th Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	10,112	90,000	Office

	Premises	Gross Floor Floor Area *(sq.ft.)*	Monthly Rental *(HK$)*	Use
6.	Units 1–4 on 8th Floor and Private Car Parking Space No.7 on 3rd Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	5,158	42,000	Office and (for the car park only) parking
7.	Units 1–9 on 23rd Floor and Private Car Parking Space No. 6 on 4th Floor, New Trend Centre, 704 Prince Edward Road East, 104 King Fuk Street, San Po Kong, Kowloon	8,532	73,000	Office and (for the car park only) parking
8.	Portion of 3rd Floor, Efficiency House, 35 Tai Yau Street, San Po Kong, Kowloon, Hong Kong	15,000	45,000	Storage
9.	1st Floor, Efficiency House, 35 Tai Yau Street, San Po Kong, Kowloon, Hong Kong	20,000	60,000	Storage with ancillary office

The tenancies in respect of New Trend Centre are exclusive of rates, Government rent and management charges and the tenancies in respect of Efficiency House are inclusive of rates, Government rent and management charges. MHL is required to pay (a) the rates and Government rent and (b) the management charges in respect of the tenancies of New Trend Centre directly to the Hong Kong Government and the management office of New Trend Centre respectively. The tenancies of the above premises are collectively called the "Second Tenancies".

C. Termination of tenancies and entering into new tenancies between Videocom and Mr. Allix Yeung and his spouse, Madam Wan Lam Keng ("Madam Wan") respectively

Reference is made to the announcement of the Company dated 10th October 2005. In order to unify the terms of all the tenancies leased from M-Bar, Mr. Allix Yeung and his spouse, Madam Wan for better administrative and cost saving purposes, on 11th February 2008, Videocom (as tenant) (i) entered into a termination agreement to terminate two tenancy agreements both dated 1st October 2005 with an original expiry date of 30th September 2008 in respect of the following premises and (ii) entered into two new tenancy agreements of the same premises with Mr. Allix Yeung and his spouse, Madam Wan respectively for a term of three years commencing from 1st February 2008 to

31st January 2011 (both dates inclusive) at the respective monthly rentals as set out below (inclusive of rates, Government rent and management charges):

	Premises	Gross Floor Area *(sq.ft.)*	Monthly Rental *(HK$)*	Use	Landlord
1.	Shop No. 13, Ground Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	215	5,500	Shop	Mr. Allix Yeung
2.	Shop No. 14, Ground Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	197	5,500	Shop	Mr. Allix Yeung
3.	Shop No. 8, Ground Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	215	4,250	Shop/Storage	Madam Wan
4.	Shop No. 15, Ground Floor, Wonder Building, Nos. 161–175 Fuk Wa Street, Shamshuipo, Kowloon, Hong Kong	169	4,250	Shop/Storage	Madam Wan

The tenancies of the above premises are collectively called the "Third Tenancies".

Each of the First Tenancies, the Second Tenancies and the Third Tenancies is for a term of 3 years commencing from 1st February 2008 and expiring on 31st January 2011 (both dates inclusive). MHL has the right to terminate any of the tenancies in respect of New Trend Centre under the relevant new tenancy agreement at any time by giving to M-Bar not less than three (3) months' prior notice of termination. Save for the new rental in respect of the New Shop and the reduction of rental in respect of Unit No. 32, 1st Floor of Golden Shopping Centre from HK$40,000 to HK$16,000 per month, the above rentals of the First Tenancies, the Second Tenancies and the Third Tenancies remained the same as per the then existing tenancy agreements. The above rentals are determined with reference to the valuation report prepared by DTZ Debenham Tie Leung Limited, the independent valuer, dated 1st February 2008.

LISTING RULES IMPLICATIONS

The board of directors of the Company (the "Board") confirms that each of the relevant percentage ratios will, on an annual basis, be less than 2.5% for the purpose of Rule 14A.34 of the Listing Rules. The transactions under the new tenancy agreements (the "New Tenancy Agreements") in respect of the First Tenancies, the Second Tenancies and the Third Tenancies (the "Transactions") are therefore only subject to the annual review, reporting and announcement requirements as set out in Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.47 of the Listing Rules.

The Board also confirms that in any financial year, the aggregate amount payable in respect of the Transactions will not exceed HK$4,734,000, which cap amount is determined by reference to and on the basis of the terms of the New Tenancy Agreements. In this connection, the Board sets out hereinbelow the aggregate rentals payable to M-Bar by Videocom or MHL (as the case may be) and payable to Mr. Allix Yeung and Madam Wan by Videocom under the New Tenancy Agreements during the period from 1st February 2008 to 31st January 2011:

Period	**Aggregate rentals paid** *(HK$)*
1st February 2008 to 31st March 2008	789,000
1st April 2008 to 31st March 2009	4,734,000
1st April 2009 to 31st March 2010	4,734,000
1st April 2010 to 31st January 2011	3,945,000

The Board further confirms that save for the First Tenancies, the Second Tenancies and the Third Tenancies, the Group has not entered into any other continuing connected transaction with any of M-Bar, Mr. Allix Yeung, Madam Wan and their respective associates that was entered into within the preceding 12-month period and is still subsisting.

The Board further confirms that the Company and its subsidiaries (the "Group") are principally engaged in the trading and distribution of electronic parts, components, equipment, and trading, distribution and retail sale of computer products and accessories whilst the principal activity of M-Bar is property holding.

The Group continues to use the premises under the New Tenancy Agreements as its retail shops, headquarter, offices and godown spaces for the Group's operation. By entering into the New Tenancy Agreements with M-Bar, Mr. Allix Yeung and Madam Wan respectively, the Board considers that it helps saving the administrative charges to secure alternative premises in location, area and layout comparable to the premises under the New Tenancy Agreements (the "Alternative Comparable Premises"). The Board also considers that it further helps saving the removal and relocation costs and incidental expenses for moving to the Alternative Comparable Premises, and all renovation and setting-up expenses for rendering the Alternative Comparable Premises fit to be used for the existing operations being carried on by the Group. For the new lease of the New Shop, as during the first half of the financial year ending 31 March 2008, Videocom has moved out from retail shops Unit Nos. 56AB and 57 of Golden Shopping Centre (lease from an independent third party at monthly rental of HK$23,000 and HK$55,000 respectively under the then tenancy agreement) after the expiry of the relevant lease term of 2 years because of substantial increase (30% of the then existing rental) on rental asked by the landlord at the time of expiry, the Board considers that it is beneficial to the Group to lease the New Shop from M-Bar which has been well decorated with a lease term extended for 3 years, and the rental charge is reasonable at the market rate.

The Board (including the independent non-executive directors of the Company) considers that the Transactions have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms or on terms no less favourable to the Company than terms available from independent third parties, and are fair and reasonable and in the interests of the shareholders of the Company as a whole. The terms of the Transactions also reflect an arm's length negotiations on normal commercial terms.

DTZ Debenham Tie Leung Limited, an independent property valuer, has also confirmed in writing on 1st February 2008 that the rental of each of the premises payable by the Group under the New Tenancy Agreements is fair and reasonable and at current comparable market rates or favourable to the Group.

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, 12th February 2008