

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 2015**

**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 2015 (the “Period”) together with comparative figures for the corresponding period in 2014. 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 2015*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2015</b>	2014
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>363,380</b>	342,346
Cost of sales		<b>(279,874)</b>	(273,480)
Gross profit		<b>83,506</b>	68,866
Other income		<b>991</b>	1,025
Distribution and selling expenses		<b>(25,528)</b>	(22,025)
General and administrative expenses		<b>(48,455)</b>	(38,651)
Operating profit	4	<b>10,514</b>	9,215
Finance costs	5	<b>(1,129)</b>	(889)
Share of profits of associates		<b>–</b>	137
Profit before income tax		<b>9,385</b>	8,463
Income tax expense	6	<b>(3,524)</b>	(3,239)
Profit for the period		<b>5,861</b>	5,224
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>2,111</b>	3,194
Non-controlling interests		<b>3,750</b>	2,030
		<b>5,861</b>	5,224
Earnings per share for profit attributable to the equity holders of the Company during the period			
– Basic and diluted	8	<b>HK 1.1 cents</b>	HK 1.6 cents

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 2015*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<u>5,861</u>	<u>5,224</u>
Other comprehensive expense:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences:		
– Subsidiaries	(7,318)	(1,756)
– Associate	(36)	–
Release of translation reserve upon disposal of a subsidiary	<u>(52)</u>	<u>–</u>
Other comprehensive expense for the period, net of tax	<u>(7,406)</u>	<u>(1,756)</u>
Total comprehensive (expense)/income for the period	<u>(1,545)</u>	<u>3,468</u>
<b>Total comprehensive (expense)/income attributable to:</b>		
Equity holders of the Company	(2,465)	2,194
Non-controlling interests	<u>920</u>	<u>1,274</u>
	<u>(1,545)</u>	<u>3,468</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
*As at 30 September 2015*

	<i>Note</i>	<b>As at 30 September 2015 (Unaudited) HK\$'000</b>	<b>As at 31 March 2015 (Audited) HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		23,001	22,673
Investments in associates		3	39
		<u>23,004</u>	<u>22,712</u>
<b>Current assets</b>			
Inventories		240,133	211,899
Trade receivables	9	63,102	60,126
Other receivables and deposits		18,622	17,517
Current income tax recoverable		346	430
Cash and bank balances		54,913	45,235
		<u>377,116</u>	<u>335,207</u>
<b>Total assets</b>		<u><b>400,120</b></u>	<u><b>357,919</b></u>
<b>Current liabilities</b>			
Trade payables	10	94,186	58,939
Other payables and accruals		21,378	22,058
Amount due to an associate		5	10
Short-term bank loans		103,148	93,028
Current income tax liabilities		2,083	2,019
		<u>220,800</u>	<u>176,054</u>
<b>Net current assets</b>		<u><b>156,316</b></u>	<u><b>159,153</b></u>
<b>Total assets less current liabilities</b>		<u><b>179,320</b></u>	<u><b>181,865</b></u>
<b>Net assets</b>		<u><b>179,320</b></u>	<u><b>181,865</b></u>
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital		20,000	20,000
Reserves		142,508	145,973
		<u>162,508</u>	<u>165,973</u>
<b>Non-controlling interests</b>		<u><b>16,812</b></u>	<u><b>15,892</b></u>
<b>Total equity</b>		<u><b>179,320</b></u>	<u><b>181,865</b></u>

## 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 2015 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations).

### 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 2015, 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 2015 but do not have a material impact on the Group:

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010 – 2012 Cycle
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011 – 2013 Cycle
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions

#### (b) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2015 and have not been early adopted:

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012 – 2014 Cycle <sup>1</sup>
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>4</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
HKAS 1 (Amendment)	Disclosure Initiative <sup>1</sup>
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants <sup>1</sup>
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements <sup>1</sup>

<sup>1</sup> Change effective for annual periods beginning on or after 1 January 2016.

<sup>2</sup> Change effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>3</sup> Change effective for annual periods beginning on or after 1 January 2017.

<sup>4</sup> Change effective for annual periods beginning on or after 1 January 2018.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group’s and the Company’s results of operations and financial position.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the period is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Sales of electronic components, automation parts and equipment	224,374	237,680
Sales of computer products and mobile accessories and related service income	57,628	75,243
Sales of cosmetic products	81,378	29,423
	<u>363,380</u>	<u>342,346</u>

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 three main business segments: (i) Electronic Trading Business – Distribution of electronic components, automation parts and equipment; (ii) Computer Business – Retail sales of computer products and mobile accessories, distribution of computer products and provision of IT outsourcing and solution services and (iii) Cosmetic Retail Business – Retail sales of cosmetic products.

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

The segment results for the period ended 30 September 2015 are as follows:

	<b>Six months ended 30 September 2015</b>				
	<b>(Unaudited)</b>				
	<b>Electronic Trading Business</b>	<b>Computer Business</b>	<b>Cosmetic Retail Business</b>	<b>Unallocated</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	<u>224,374</u>	<u>57,628</u>	<u>81,378</u>	<u>–</u>	<u>363,380</u>
Segment results	11,104	(629)	493	(454)	10,514
Interest expenses	–	–	–	(1,129)	(1,129)
Share of profits of associates	–	–	–	–	–
<b>Profit before income tax</b>					<b>9,385</b>
Income tax expense					<u>(3,524)</u>
<b>Profit for the period</b>					<u><b>5,861</b></u>

The segment results for the period ended 30 September 2014 are as follows:

	Six months ended 30 September 2014 (Unaudited)				
	Electronic Trading Business <i>HK\$'000</i>	Computer Business <i>HK\$'000</i>	Cosmetic Retail Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Revenue</b>	<u>237,680</u>	<u>75,243</u>	<u>29,423</u>	<u>–</u>	<u>342,346</u>
Segment results	9,289	(1,201)	1,243	(116)	9,215
Interest expenses	–	–	–	(889)	(889)
Share of profits of associates	–	137	–	–	<u>137</u>
<b>Profit before income tax</b>					8,463
Income tax expense					<u>(3,239)</u>
<b>Profit for the period</b>					<u>5,224</u>

#### 4. EXPENSES BY NATURE

	Six months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Cost of inventories expensed	<b>279,874</b>	273,480
Employee benefit expense	<b>33,241</b>	31,921
Depreciation of owned property, plant and equipment	<b>3,768</b>	2,451
(Reversal of)/provision for slow-moving inventories (included in cost of sales)	<b>(179)</b>	629
Operating lease rentals in respect of rented premises	<b>19,667</b>	11,017
Provision for impairment of trade receivables (included in general and administrative expenses)	<b>509</b>	97
Net foreign exchange gain	<b>(741)</b>	(1,244)
(Gain)/loss on disposal of property, plant and equipment	<b>(47)</b>	10

## 5. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest expense on short-term bank loans, wholly repayable within one year	<u>1,129</u>	<u>889</u>

## 6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 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 interim income statement represents:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current income tax		
– Hong Kong Profits Tax	164	325
– Overseas taxation	<u>3,360</u>	<u>2,914</u>
Income tax expense	<u>3,524</u>	<u>3,239</u>

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:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit before income tax	<u>9,385</u>	<u>8,463</u>
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	1,549	1,396
Effect of different tax rates of subsidiaries operating in other countries	1,399	1,057
Income not taxable for tax purpose	(8)	(69)
Expenses not-deductible for tax purposes	188	500
Others	<u>396</u>	<u>355</u>
Income tax expense	<u>3,524</u>	<u>3,239</u>

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 ended 31 December 2008 and a 50% reduction from normal PRC enterprise income tax for the three years following. The reduction ended as at the year ended 31 December 2013.

## 7. DIVIDENDS

At a meeting held on 23 November 2015, the directors of the Company declared an interim dividend of HK\$0.005 per ordinary share (2014: HK\$0.005 per ordinary share) for the six months ended 30 September 2015. This interim dividend has not been recognized as a liability at the date of this announcement. The interim dividend will be payable on 21 December 2015 to shareholders whose names appear on the Register of Members of the Company as at 10 December 2015.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2015 is based on the Group’s profit attributable to the equity holders of the Company of approximately HK\$2,111,000 (2014: HK\$3,194,000) and on the weighted average number of 200,000,000 ordinary shares (2014: 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 2015 and 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 trade receivables is as follows:

	<b>As at 30 September 2015 (Unaudited) HK\$’000</b>	<b>As at 31 March 2015 (Audited) HK\$’000</b>
0 to 60 days	<b>61,342</b>	57,467
61 to 120 days	<b>1,775</b>	1,594
121 to 180 days	<b>333</b>	990
181 to 365 days	<b>531</b>	707
	<hr/>	<hr/>
Trade receivables	<b>63,981</b>	60,758
Less: Provision for impairment of trade receivables	<b>(879)</b>	(632)
	<hr/>	<hr/>
	<b>63,102</b>	60,126
	<hr/>	<hr/>



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:

	<b>As at 30 September 2015 (Unaudited) HK\$'000</b>	As at 31 March 2015 (Audited) HK\$'000
0 to 60 days	<b>93,460</b>	57,358
61 to 120 days	<b>156</b>	799
121 to 180 days	<b>117</b>	326
181 to 365 days	<b>453</b>	456
	<b><u>94,186</u></b>	<b><u>58,939</u></b>

## FINANCIAL RESULTS

The Group recorded a turnover of approximately HK\$363 million during the Period, representing an increase of approximately 6% as compared with the turnover of approximately HK\$342 million recorded in the six months ended 30 September 2014 (the “Corresponding Period”). The increase of the Group’s turnover was mainly attributed by an increase in sales of the Group’s cosmetic retail business (the “Cosmetic Retail Business”) during the Period.




During the Period, the Group’s gross profit increased from approximately HK\$69 million recorded in the Corresponding Period by approximately 22% to approximately HK\$84 million and the gross profit margin slightly increased to approximately 23% (Corresponding Period: approximately 20.1%). By analysing the three 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  (the “Electronic Trading Business”), the computer business  (the “Computer Business”) and the Cosmetic Retail Business  were approximately 19.8%, 18.9% and 34.5% (Corresponding Period: approximately 19.1%, 16.9% and 36.2%) respectively. The Group recorded operating profit of approximately HK\$10.5 million as compared with that of HK\$9.2 million in the Corresponding Period, representing a moderate increase of approximately 14.1%. The total operating expenses for the Period increased by approximately 21.3% and reached approximately HK\$74 million (Corresponding Period: approximately HK\$61 million). Such significant increment was substantially attributed by the rapid continuous expansion of the cosmetic retail outlets coverage according to the marketing strategy of the Group.

The distribution and selling expenses for the Period were approximately HK\$26 million as increased by approximately 18% from the Corresponding Period of approximately HK\$22 million. The general and administrative expenses increased by about 23% or approximately HK\$9 million to approximately HK\$48 million for the Period from approximately HK\$39 million recorded in the Corresponding Period. Finance costs for the Period increased to approximately HK\$1.1 million (Corresponding Period: approximately HK\$0.9 million), representing an increase of approximately 22% over the Corresponding Period.

Accordingly, the profit attributable to the equity holders of the Company decreased by approximately 34.4% to approximately HK\$2.1 million (Corresponding Period: approximately HK\$3.2 million), representing basic earnings per share of HK\$0.011 (Corresponding Period: HK\$0.016). 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 six months period ended 30 September 2015, totaling HK\$1 million.

## **BUSINESS REVIEW**

By means of the Group's commitment on the development of the cosmetic retail networks, the Cosmetic Retail Business posted turnover growth with strong momentum and became one of Group's core business operations during the Period.

During the Period, the Group operated in three core business operations, namely: (1) the Electronic Trading Business; (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"); and (3) the Cosmetic Retail Business , accounted for approximately 62% and 16% and 22% of the Group's total turnover respectively for the Period.

### **Electronic Trading Business**

#### *Hong Kong*

Electronic Trading Business remained the primary contributor to the Group's turnover and profits during the Period and showed steady turnover of approximately HK\$224 million as compared with that of HK\$238 million recorded in the Corresponding Period or dropped by 6%.

During the Period, purchasing managers worldwide tended to favour more conservative approach and resulted in lower purchasing power as evidenced by benchmark indexes. The call for quantitative easing has been growing especially louder in the past few months in the Eurozone mainly due to signs of deflation. Whilst there was no significant change in the profitability measures of the Group's electronic products, its sales growth was constrained by weakening Eurozone demand, offsetting its steady results in the Asia-Pacific and US markets.

## *Overseas*

The aggregate turnover of all of the Group's overseas subsidiaries was approximately HK\$63 million, representing an overall increase of approximately 5% as compared with that of approximately HK\$60 million recorded in the Corresponding Period.

South African Rand slumped against strong Hong Kong dollar by about 16% as compared with that of quoted in Corresponding Period and faces further downside pressure. Market expectation on higher federal benchmark rates are burdening the currencies in developing economies. However, the turnover generated by the Group's South Africa subsidiary surged 20% and reached approximately HK\$49 million during the Period (Corresponding Period: approximately HK\$41 million) and outpace the weakened currency impact. Meanwhile, the Group's subsidiary in South Africa became the top of website search result in South Africa, thereby gaining further brand recognition and customer and allowed the Group to diversify its products and gain further market share in the electronic trading business.

In addition, the Group entered into agreements with LightWare Optoelectronics (Pty) Ltd, Icon Electronics CC and Newco Instruments CC during the Period and became an authorized distributor of laser ranging and measurement devices, instruments for industrial and mining applications and industrial sensor and laser solutions products respectively. Such agreements allowed the Group to diversify its products and gain further market share in the electronic equipment business.

The turnover of the Group's subsidiary in Malaysia recorded a significant drop of approximately 33% to approximately HK\$4 million during the Period as compared with that of approximately HK\$6 million during the Corresponding Period. The main reason for the drop was weakening Eurozone demand and the Malaysian Ringgit devalued against Hong Kong dollar by about 17% as compared with that of quoted in Corresponding Period.

In terms of geographical segments, the turnover from Hong Kong, the Asia-Pacific region (other than Hong Kong), South Africa, Europe and other regions accounted for 66%, 19%, 13%, 1%, and 1% respectively of the Group's total turnover during the Period.

## **Computer Business**



### *Computer Retail Business*

The turnover of the Computer Retail Business dropped to approximately HK\$15 million by about 32% during the Period (Corresponding Period: approximately HK\$22 million). During the Period, the Group closed a number of retail shops as a means to implement its cost savings measure. Despite the turnover decreased during the Period, gross profit slightly improved to 53% from 48% as compared with that of in the Corresponding Period due to introduction of life-style products in addition to computer accessories.

### *Computer Distribution Business*

The turnover of the Computer Distribution Business recorded approximately HK\$42 million and declined about 22% (Corresponding Period of approximately HK\$54 million). During the Period, the decrease in such turnover was mainly attributable to the weakened demand in computer and mobile accessories (such as, memory stick and hard disk drive), the absence of new products and the competitive pressure from peers especially from e-commerce.

### **Cosmetic Retail Business**

The Group's Cosmetic Retail Business maintained notable growth of approximately 3 times and became one of the Group's core revenue drivers during the Period. The Group has adopted a market-driven and customer-focused approach in expanding its retail store chain network and formulating product strategies. As at 30 September 2015, the Group has expanded to 39  retail stores (Corresponding Period: 19  stores). During the Period, apart from Korean cosmetic products, the Group had further extended its products originated from Japan and other countries to offer more options to our customers. Meanwhile, the Group expanded 2 shops in famous shopping districts, namely Causeway Bay and Mong Kok to target the tourist in these areas.

### **OUTLOOK**

The Group has been pursuing growth opportunities by diversifying its business into local Cosmetic Retail Business. Looking forward, the Group keeps shifting its prime focus on the Cosmetic Retail Business to achieve synergies from other existing businesses. Together with its knowledge and expertise in retailing and wholesale logistics, the Group believes the purchase power of Mainland tourists and potential in feminine market segment would constitute another identifiable income stream to the shareholders.

The Group plans to further shut down duplicate retail stores in the same shopping mall to effectively manage its operating overheads. The Group will also attend cosmetic and beauty exhibitions held in Korea on a regular basis for new products development and sourcing. In addition, the Group will devote considerable resources with multiple social media channels such as Facebook, Weibo and WeChat to maintain sales growth and build up the brand image to attract awareness from potential customers.

With regard to the Electronic Trading Business, the Group will closely monitor its operating expenditure and will implement effective cost control in other regions to maximize overall profitability to the shareholders. In addition, the Group will cautiously develop its Electronic Trading Business and participate in reputable industry exhibitions. Through these events, the Group will maintain close relationship with vendors and explore new business opportunities as well as to gain insights on industrial trends and new products. During the Period, the Group has also utilised various social media platform to promote its new products and the outcome is satisfactory.

The business model of the Computer Business will be changed by introducing new life-style products such as toys and daily essentials for male as to align with the corporate vision in the continuous development cosmetic retail business.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2015, the Group's cash and bank balances amounted to approximately HK\$55 million and the net current assets were approximately HK\$156 million. As at 30 September 2015, the current ratio dropped to approximately 1.7 (as at 31 March 2015: approximately 1.9). Out of the Group's cash and bank balances, about 41% and 33% were denominated in Hong Kong dollars and United States dollars respectively. The balance of approximately 14%, 5%, 4%, 1%, 1% and 1% of its total cash and bank balances was denominated in Chinese Renminbi, Malaysia Ringgit, South African Rand, New Taiwan dollars, Singaporean dollars and others respectively.

The Group generally finances its operation by internally generated resources and banking facilities provided by banks in Hong Kong. As at 30 September 2015, the Group had banking facilities for overdrafts, loans and trade finance from banks totaling approximately HK\$154 million (as at 31 March 2015: approximately HK\$119 million), with an unused balance of approximately HK\$51 million (as at 31 March 2015: approximately HK\$26 million). During the Period, the Group's borrowings bore interest at rates ranging from 1.88% to 3.46% per annum (as at 31 March 2015: ranging from 2.21% to 3.06% 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 2015, the Group's trade receivables increased by about 5% to approximately HK\$63 million whilst the Group's trade payables increased by about 60% to approximately HK\$94 million. In the meantime, the Group's inventories increased by about 13% to approximately HK\$240 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 2015. On the other hand, the increase in the inventories was due to the customers' request to postpone the delivery of goods during the Period. The debtors turnover days, the creditors turnover days and the inventory turnover days for the Period were 31 days, 45 days and 147 days respectively (as at 31 March 2015: 32 days, 33 days and 131 days respectively). The Group recorded net operating cash inflow of HK\$13,286,000 and increased in bank borrowings of about HK\$10,120,000 for the Period, compared with the net operating cash outflow of HK\$18,120,000 and increased in bank borrowings of HK\$23,465,000 for the Corresponding Period.

## **CAPITAL STRUCTURE**

As at 30 September 2015, the Group's gross borrowing repayable within one year, amounted to approximately HK\$103 million (as at 31 March 2015: approximately HK\$93 million). After deducting cash and cash equivalents of approximately HK\$55 million, the Group's net borrowings amounted to approximately HK\$48 million (as at 31 March 2015: approximately HK\$48 million). The total equity as at 30 September 2015 was approximately HK\$179 million (as at 31 March 2015: approximately HK\$182 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, increased to 26.8% (as at 31 March 2015: 26.4%). The increase of net gearing ratio was mainly due to the increase of bank borrowings in relation to the increase of working capital required to support the development for the Cosmetic Retail Business.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

Most of the Group's transactions were denominated in Hong Kong dollars, Chinese Renminbi and United States dollars. Given that the exchange rate of Hong Kong dollars against Chinese 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 United States 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 30 September 2015, 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 30 September 2015, the properties with carrying value of approximately HK\$11 million have been pledged to secure the general banking facilities granted to the Group's subsidiary in Singapore.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 September 2015, the Group had total outstanding operating lease commitments of approximately HK\$68 million (as at 31 March 2015: HK\$74 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 30 September 2015.

## **EMPLOYMENT, TRAINING AND REMUNERATION POLICY**

As at 30 September 2015, the Group had a total of 469 full-time employees inclusive of its staff in Hong Kong and overseas subsidiaries. The Group has developed its human resources policies and procedures based on the performance, merits and market conditions. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses (based on the Group's financial results as well as individual performance).

## **INTERIM DIVIDEND**

By a Board resolution passed on 23 November 2015 (Monday), the Board had resolved to declare an interim dividend of HK\$0.005 per ordinary share for the six months ended 30 September 2015 (2014: HK\$0.005 per ordinary share). The interim dividend will be payable on 21 December 2015 (Monday) to shareholders whose names appear on the Register of Members of the Company as at 10 December 2015 (Thursday).

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from 8 December 2015 (Tuesday) to 10 December 2015 (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 7 December 2015 (Monday).



## **DEALINGS IN COMPANY'S LISTED SECURITIES**

The Company has not redeemed any of its listed shares during the six months ended 30 September 2015. 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 2015.

## **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.
- (ii) According to the code provision A.6.7 of the Code, one executive director and one independent non-executive director of the Company were unable to attend the annual general meeting of the Company held on 10 August 2015 due to their unexpected business engagement.

## **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 2015. 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](http://www.hkex.com.hk)) and the Company ([www.mobicon.com](http://www.mobicon.com)) on or before 31 December 2015 (Thursday).

## **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, 23 November 2015

*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.*