

## IMPORTANT

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## MOBICON GROUP LIMITED

萬保剛集團有限公司

*(Incorporated in Bermuda with limited liability)*

*Directors:*

Hung Kim Fung, Measure (*Chairman*)

Yeung Man Yi, Beryl

Hung Ying Fung

Yeung Kwok Leung, Allix

Charles E. Chapman\*

Leung Wai Cheung\*

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\* *Independent non-executive Directors*

22 July 2002

*To the shareholders,*

Dear Sir or Madam,

### **GENERAL MANDATES FOR THE REPURCHASE BY THE COMPANY OF ITS OWN SHARES AND THE ISSUE OF NEW SHARES**

#### **INTRODUCTION**

This circular is to replace the previous circular titled “General mandates for the repurchase by the Company of its own shares and the issue of new shares” dated 9 July 2002. **Shareholders should only rely on information contained in this circular before making any decision to vote in the proposed resolution approving the Buyback Mandate described below.**

#### **GENERAL MANDATE TO ISSUE SHARES**

Approval is being sought from the shareholders of Mobicon Group Limited (“the Company”) at its Annual General Meeting to be held on 8 August 2002 (“the Annual General Meeting”) to grant a general mandate in order to ensure flexibility and discretion to the directors of the Company

(“the Directors”) in the event that it becomes desirable for the Company to issue shares 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 Listing Rules”). The Directors wish to state that they have no immediate plans to issue any new shares of the Company.

## **SHARE BUY BACK MANDATE**

The Listing Rules permit companies with a primary listing on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) to repurchase their own securities, subject to certain restrictions, on the Stock Exchange. At the Annual General Meeting of the Company to be held on 8 August 2002, 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 shares 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 (“the Share Buy Back Rules”) to send to 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, on the basis of 200,000,000 shares of HK\$0.10 each in the capital of the Company in issue as at 19 July 2002 (the latest practicable date prior to the printing of this circular), could accordingly result in up to 20,000,000 shares being repurchased by the Company during the course of the period from the passing of the 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 of the Company in general meeting or the expiration of the period within which the next annual general meeting is required by statute or 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 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 2002 (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 ("Takeover Code") currently in force and issued by the Securities & Futures Commission. As a result, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

No connected person (as defined in the Listing Rules) has notified the Company that he or she 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 purchases pursuant to the proposed Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

As at 19 July 2002 (the latest practicable date prior to the printing of this circular), 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 30,000,000 shares of the Company respectively representing approximately 45 per cent., 15 per cent. and 15 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 16.7 per cent. of the issued share capital of the Company respectively. The Directors believe that

such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code and reduce the amount of Shares held by the public to less than 25 per cent.. The Company has no intention to purchase 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 19 July 2002 (being the latest practicable date prior to the printing of this circular) were as follows:

<b>2001</b>			
<b>month</b>	<b>Highest</b>		<b>Lowest</b>
	<i>HK\$</i>		<i>HK\$</i>
July	1.01		0.95
August	1.00		0.95
September	1.01		0.95
October	1.00		0.95
November	1.04		0.96
December	1.02		0.96
<b>2002</b>			
<b>month</b>	<b>Highest</b>		<b>Lowest</b>
	<i>HK\$</i>		<i>HK\$</i>
January	1.00		0.92
February	1.01		0.96
March	0.99		0.86
April	0.99		0.95
May	1.00		0.94
June	1.00		0.96

**RECOMMENDATION**

The Directors of the Company consider that 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.

Yours faithfully,  
**Hung Kim Fung, Measure**  
*Chairman*