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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)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31ST MARCH 2024**

RESULTS

The Board of Directors (the “Directors”) of Mobicon Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2024 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	340,579	410,421
Cost of sales		(251,088)	(304,338)
Gross profit		89,491	106,083
Other income and net gains	3	2,743	5,663
Distribution and selling expenses		(29,091)	(31,519)
General and administrative expenses		(52,879)	(66,670)

* *For identification purposes only*

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit		10,264	13,557
Finance costs	5	<u>(3,870)</u>	<u>(4,327)</u>
Profit before income tax		6,394	9,230
Income tax expense	6	<u>(4,643)</u>	<u>(3,961)</u>
Profit for the year	4	<u>1,751</u>	<u>5,269</u>
(Loss)/profit attributable to:			
Equity holders of the Company		(4,891)	(378)
Non-controlling interests		<u>6,642</u>	<u>5,647</u>
		<u>1,751</u>	<u>5,269</u>
Loss per share attributable to the equity holders of the Company during the year			
– Basic and diluted (HK cents)	7	<u>(2.45)</u>	<u>(0.19)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	1,751	5,269
Other comprehensive (expense)/income		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences:		
– Subsidiaries	(5,835)	(19,214)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Revaluation gain on property, plant and equipment	<u>58</u>	<u>450</u>
Other comprehensive expense for the year, net of tax	<u>(5,777)</u>	<u>(18,764)</u>
Total comprehensive expense	<u>(4,026)</u>	<u>(13,495)</u>
Total comprehensive (expense)/income attributable to:		
Equity holders of the Company	(8,502)	(11,752)
Non-controlling interests	<u>4,476</u>	<u>(1,743)</u>
	<u>(4,026)</u>	<u>(13,495)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		48,623	51,811
Right-of-use assets		4,952	8,468
Intangible assets		100	137
Investment properties		5,160	5,196
Prepayments and deposits		953	1,945
		<u>59,788</u>	<u>67,557</u>
Current assets			
Inventories		148,438	165,939
Trade receivables	9	27,295	38,119
Prepayments, deposits and other receivables		14,517	17,992
Current income tax recoverable		187	52
Cash and bank balances		23,658	30,434
		<u>214,095</u>	<u>252,536</u>
Total assets		<u>273,883</u>	<u>320,093</u>
Current liabilities			
Trade payables	10	15,203	30,232
Other payables and accruals		16,078	22,088
Contract liabilities		1,106	1,023
Loan from a shareholder		39,000	31,000
Lease liabilities		3,767	5,107
Bank borrowings		23,145	44,804
Current income tax liabilities		1,153	629
		<u>99,452</u>	<u>134,883</u>
Net current assets		<u>114,643</u>	<u>117,653</u>
Total assets less current liabilities		<u>174,431</u>	<u>185,210</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Other payables	2,598	2,669
Bank borrowings	2,643	4,820
Deferred tax liabilities	1,208	1,200
Lease liabilities	1,334	3,847
	<u>7,783</u>	<u>12,536</u>
Net assets	166,648	172,674
Capital and reserves attributable to the equity holders of the Company		
Share capital	20,000	20,000
Reserves	93,025	103,527
	<u>113,025</u>	<u>123,527</u>
Non-controlling interests	53,623	49,147
Total equity	166,648	172,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment and investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1st April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1st April 2022;
- (ii) the Group also, as at 1st April 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

New HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1st May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the impact arising from the abolition of the mechanism. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the abolition of the mechanism.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employee first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). The cumulative effect of recognized these adjustments as of 31st March 2023 and for the year ended 31st March 2024 was not material and hence no material impact has had on the retained profits, or another component of equity for the prior periods and current year.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1st January 2024.

³ Effective for annual periods beginning on or after 1st January 2025.

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 and amendments to HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

2 REVENUE AND SEGMENT INFORMATION

Revenue recognized during the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
Sales of electronic components, electrical components and equipment	223,141	272,644
Sales of computer products, mobile accessories and service income	67,835	80,129
Sales of cosmetic products	49,603	57,648
	<u>340,579</u>	<u>410,421</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 and Electrical Trading Business – Distribution of electronic components, electrical components and equipment; (ii) Computer Business – Retail sales of computer products, mobile accessories, distribution of computer products and provision of IT outsourcing and solution services; and (iii) Cosmetic and Online Retail Business – Trading and retail and distribution of cosmetic products through retail shops and online channels.

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

The segment results for the year ended 31st March 2024 are as follows:

	Electronic and Electrical Trading Business HK\$’000	Computer Business HK\$’000	Cosmetic and Online Retail Business HK\$’000	Total HK\$’000
Revenue from external customers	223,141	67,835	49,603	340,579
Time of revenue recognition				
– At a point in time	223,141	65,572	49,603	338,316
– Over time	–	2,263	–	2,263
	223,141	67,835	49,603	340,579
Segment results	10,069	144	63	10,276
Unallocated expenses				(12)
Finance costs				(3,870)
Profit before income tax				6,394
Income tax expense (<i>Note 6</i>)				(4,643)
Profit for the year				1,751
Other segment items included in the consolidated statement of profit or loss are as follows:				
Amortization of intangible assets	62	–	–	62
Depreciation of property, plant and equipment	2,132	45	160	2,337
Depreciation of right-of-use assets	2,318	2,252	1,115	5,685
Gain on disposal of property, plant and equipment	(26)	–	–	(26)
Provision for impairment of trade receivables	781	–	–	781
Reversal of provision for impairment of trade receivables	(744)	(60)	(63)	(867)
(Reversal of)/provision for impairment of slow-moving inventories	(3,990)	(302)	13	(4,279)

The segment results for the year ended 31st March 2023 are as follows:

	Electronic and Electrical Trading Business <i>HK\$'000</i>	Computer Business <i>HK\$'000</i>	Cosmetic and Online Retail Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>272,644</u>	<u>80,129</u>	<u>57,648</u>	<u>410,421</u>
Time of revenue recognition				
– At a point in time	272,644	70,427	57,648	400,719
– Over time	<u>–</u>	<u>9,702</u>	<u>–</u>	<u>9,702</u>
	<u>272,644</u>	<u>80,129</u>	<u>57,648</u>	<u>410,421</u>
Segment results	<u>11,244</u>	<u>366</u>	<u>1,949</u>	<u>13,559</u>
Unallocated expenses				(2)
Finance costs				<u>(4,327)</u>
Profit before income tax				9,230
Income tax expense (<i>Note 6</i>)				<u>(3,961)</u>
Profit for the year				<u>5,269</u>
Other segment items included in the consolidated statement of profit or loss are as follows:				
Amortization of intangible assets	51	–	–	51
Depreciation of property, plant and equipment	1,180	44	236	1,460
Depreciation of right-of-use assets	2,529	2,936	2,317	7,782
Loss on disposal of property, plant and equipment	6	–	–	6
Provision for impairment of trade receivables	657	8	9	674
Reversal of provision for impairment of trade receivables	(304)	(2)	–	(306)
(Reversal of)/provision for impairment of slow- moving inventories	<u>(813)</u>	<u>338</u>	<u>87</u>	<u>(388)</u>

The segment assets and liabilities as at 31st March 2024 and additions to non-current assets for the year then ended are as follows:

	Electronic and Electrical Trading Business HK\$'000	Computer Business HK\$'000	Cosmetic and Online Retail Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	239,935	18,375	14,078	1,495	273,883
Liabilities	91,211	5,999	5,937	4,088	107,235
Additions to non-current assets	<u>3,609</u>	<u>1,209</u>	<u>47</u>	<u>–</u>	<u>4,865</u>

The segment assets and liabilities as at 31st March 2023 and additions to non-current assets for the year then ended are as follows:

	Electronic and Electrical Trading Business HK\$'000	Computer Business HK\$'000	Cosmetic and Online Retail Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	277,461	22,602	17,862	2,168	320,093
Liabilities	122,908	10,567	9,858	4,086	147,419
Additions to non-current assets	<u>21,675</u>	<u>2,766</u>	<u>1,843</u>	<u>–</u>	<u>26,284</u>

The Group's revenue is generated mainly within Hong Kong, Asia Pacific, South Africa and Europe.

	2024 HK\$'000	2023 HK\$'000
Revenue		
Hong Kong (country of domicile)	153,179	187,121
Asia Pacific	59,697	81,436
South Africa	119,448	132,145
Europe	7,880	8,950
Other countries	375	769
	<u>340,579</u>	<u>410,421</u>

Revenue is allocated based on the country in which the customer is located.

No customer accounted for 10% or more of the total revenue for the years ended 31st March 2024 and 2023.

3 OTHER INCOME AND NET GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Management fee income	642	1,430
Commission income	204	266
Interest income from bank deposits	718	153
Gain on disposal of property, plant and equipment	26	–
Gross rental income from investment properties	279	254
Government grants (<i>note</i>)	142	3,000
Other income	732	560
	<u>2,743</u>	<u>5,663</u>

Note: Government subsidies of approximately HK\$142,000 (2023: approximately HK\$177,000) granted to a subsidiary in other jurisdiction were recognized during the year ended 31st March 2024.

Under Anti-Epidemic Fund launched by the Hong Kong SAR government, wage subsidies of approximately HK\$2,777,000 related to the Employment Support Scheme were recognized during the year ended 31st March 2023. SME Export Marketing Fund of approximately HK\$46,000 were granted to a subsidiary in Hong Kong during the year ended 31st March 2023.

4 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Costs of inventories expensed	243,888	295,705
Employee benefit expense	51,791	58,906
Amortization of intangible assets	62	51
Depreciation of right-of-use assets	5,685	7,782
Depreciation of property, plant and equipment	2,337	1,460
Provision for impairment of trade receivables (included in general and administrative expenses)	781	674
Reversal of provision for impairment of trade receivables (included in general and administrative expenses)	(867)	(306)
Reversal of provision for impairment of slow-moving inventories (included in cost of sales)	(4,279)	(388)
Expenses related to short-term leases	2,686	6,341
Auditors' remuneration	1,120	1,120
Loss on disposal of property, plant and equipment	–	6
Net foreign exchange gain (included in general and administrative expenses)	<u>(3,746)</u>	<u>(2,970)</u>

5 FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expense on bank borrowings	3,425	3,598
Interest expense on lease liabilities	<u>445</u>	<u>729</u>
	<u>3,870</u>	<u>4,327</u>

6 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023:16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
– Hong Kong Profits Tax	153	167
– Overseas taxation	4,390	4,018
– Under/(over)-provision in prior years	<u>19</u>	<u>(24)</u>
	<u>4,562</u>	<u>4,161</u>
Deferred tax expense/(credit)		
– Overseas taxation	<u>81</u>	<u>(200)</u>
Income tax expense	<u>4,643</u>	<u>3,961</u>

7 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31st March 2024 is based on the Group's loss attributable to equity holders of the Company of approximately HK\$4,891,000 (2023: approximately HK\$378,000). The calculation was based on the weighted average number of 200,000,000 (2023: 200,000,000) ordinary shares in issue during the year.

The diluted loss per share is equal to the basic loss per share as the Company has no dilutive potential ordinary shares in issue during the years ended 31st March 2024 and 2023.

8 DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend paid of HK0.5 cent (2023: HK0.5 cent) per ordinary share	1,000	1,000
Proposed final dividend of HK0.5 cent (2023: HK0.5 cent) per ordinary share	<u>1,000</u>	<u>1,000</u>
	<u>2,000</u>	<u>2,000</u>

At a meeting held on 28th June 2023, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2023.

At a meeting held on 25th June 2024, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2024. This proposed final dividend is not reflected as a dividend payable in these financial statements.

9 TRADE RECEIVABLES

The Group normally grants to its customers credit periods for sales of goods ranging from 7 to 90 days. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on due dates:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	22,941	33,351
31 to 60 days	2,486	1,485
61 to 90 days	1,868	2,000
91 to 120 days	–	652
121 to 180 days	–	186
181 to 365 days	–	445
	<u>27,295</u>	<u>38,119</u>

10 TRADE PAYABLES






The ageing analysis of trade payables presented based on the invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 60 days	12,860	21,437
61 to 120 days	529	5,478
121 to 180 days	780	1,732
181 to 365 days	1,034	1,585
	<u>15,203</u>	<u>30,232</u>

The credit period on purchases of goods is ranging from 30 to 90 days.

FINANCIAL RESULTS






For the financial year ended 31st March 2024 (the “Year Under Review”), the Group recorded a turnover of around HK\$341 million, representing a decrease of about 16.8% from approximately HK\$410 million recorded in the last year. Gross profit decreased by about 16% from approximately HK\$106 million last year to around HK\$89 million this year, while the gross profit margin increased by about 0.4% from 25.9% to 26.3%. The Group recorded an operating profit of approximately HK\$10.3 million (31st March 2023: approximately HK\$13.6 million). The loss attributable to shareholders was approximately HK\$4.9 million (31st March 2023: loss of approximately HK\$0.3 million). This represented loss per share of around HK\$0.025 (loss per share of around HK\$0.002 as at 31st March 2023). The Board has resolved that subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, a final dividend of HK0.5 cent per ordinary share shall be declared for the year ended 31st March 2024, totally HK\$1 million to the shareholders whose names appeared on the register of members of the Company on 20th August 2024. The final dividend, if approved, is expected to be paid on 29th August 2024.

During the Year Under Review, the Group continued to focus on its three core business operations, namely: (1) the distribution of electronic components, electrical components and equipment under the brand of  (the “Electronic and Electrical 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 and Online Retail Business mainly under the brand of  and . During the Year Under Review, the Group’s turnover derived from the Electronic and Electrical Trading Business decreased by approximately 18.3% to about HK\$223 million from approximately HK\$273 million last year. Turnover from the Computer Business decreased by approximately 15% to about HK\$68 million from approximately HK\$80 million last year. Turnover from the cosmetic and online retail business (the “Cosmetic and Online Retail Business”) decreased by approximately 12.3% to about HK\$50 million from approximately HK\$57 million last year.

For the Year Under Review, the Group’s total operating expenses decreased by approximately 16.3% to around HK\$82 million (31st March 2023: about HK\$98 million), among which the distribution and selling expenses were approximately HK\$29 million which have decreased by about 6.5% from HK\$31 million recorded last year. During the Year Under Review, the general and administrative expenses decreased by about 20.9% to around HK\$53 million (31st March 2023: about HK\$67 million). As at 31st March 2024, the headcount for the Electronic and Electrical Trading Business decreased from 330 full-time employees last year by approximately 5.5% to 312 full-time employees for the Year Under Review while the headcount for the

Computer Business decreased from 47 full-time employees last year by approximately 12.8% to 41 full-time employees for the Year Under Review and the headcount for Cosmetic and Online Retail Business decreased from nine (9) full-time employees last year by approximately 44.4% to five (5) full-time employees for the Year Under Review. Meanwhile, finance cost for the Year Under Review decreased by about 9.3% to approximately HK\$3.9 million (31st March 2023: approximately HK\$4.3 million).

BUSINESS REVIEW

During the Year Under Review, the Group operated in three core business operations, namely: (1) the distribution of electronic components, electrical components and equipment under the brand of  (the “Electronic and Electrical 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”, together with the Computer Retail Business, the “Computer Business”); and (3) the Cosmetic Business and Online Retail Business mainly under the brand of  and  (the “Cosmetic and Online Retail Business”). The Electronic and Electrical Trading Business, the Computer Business and the Cosmetic and Online Retail Business accounted for approximately 66% and 19% and 15% of the Group’s total turnover respectively for the Year Under Review.

The gross profit margin of the Electronic and Electrical Trading Business, the Computer Business and the Cosmetic and Online Retail Business were approximately 29.5%, 19.8% and 20.8% respectively for the Year Under Review (31st March 2023: approximately 28.0%, 19.3% and 24.8%).

ELECTRONIC AND ELECTRICAL TRADING BUSINESS

Hong Kong

Electronic and Electrical Trading Business is the primary contributor to the Group’s revenue during the Year Under Review and recorded revenue of approximately HK\$223 million as compared with that of approximately HK\$273 million recorded last year, representing a decrease of approximately 18.3%. During the Year Under Review, the trading of electronic components maintained in a declining cycle due to shirking demand. The recovery of the trading business was slower than originally expected. Nevertheless, the Group remains optimistic about the Electronic and Electrical Trading Business.

Overseas

The aggregate turnover of all of the Group's overseas subsidiaries was approximately HK\$144 million for the year ended 31st March 2024, representing an overall decrease of approximately 16.8% as compared with that of approximately HK\$173 million recorded last year.

The Group's subsidiaries in South Africa recorded turnover of approximately HK\$119 million for the year ended 31st March 2024, representing a decrease by approximately 9.8% from approximately HK\$132 million last year. In the correspondence period, the diminished demand on electronic components extended from consumer sector to industrial sector. The combined effect of over-stock and slow-moving-stock situation at our customers offsets our scheduled recovery.

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 approximately 45%, 17%, 35%, 2% and 1% respectively of the Group's total turnover during the Year Under Review.

COMPUTER BUSINESS

For the year ended 31st March 2024, the Computer Retail Business recorded a turnover of approximately HK\$13 million (31st March 2023: approximately HK\$16 million), representing a decrease of approximately 18.8%. For the year ended 31st March 2024, the turnover of the Computer Distribution Business recorded a decrease of approximately 14.1% to approximately HK\$55 million (31st March 2023: approximately HK\$64 million). Despite the turnover decrease, the gross profit margin for Computer Business recorded an increase to 19.8% (31st March 2023: 19.3%) which was mainly due to the Group's continued dynamic sales strategies.

COSMETIC AND ONLINE RETAIL BUSINESS

During the Year Under Review, the Cosmetic and Online Retail Business recorded a turnover of approximately HK\$50 million (31st March 2023: approximately HK\$57 million), representing a decrease of approximately 12.3%. The Cosmetic Business faced challenges brought by the conservative consumer sentiment and uncertain economic environment. In February 2024, we closed a retail store located in Tseung Kwan O. The Group is pleased to see the continued growth of its Online Retail Business. The persistent decrease in Japanese yen (JPY) will be beneficial for the Group to procure a wider variety of Japanese products.

DEVELOPMENT STRATEGY AND OUTLOOK

Looking ahead, geopolitical tensions are expected to be an unfavourable factor impacting the markets for consumer electronic products. Factors such as national and European Union elections, ongoing wars, sustained inflation and high interest rates bring a lot of uncertainties and instabilities to the export trading business. The Group expects that this negative macroeconomic and geopolitical situation may start to improve by the end of 2024.

The Group's new headquarters in South Africa, which covers an area of approximately 130,000 square feet, began operating in early 2023. In addition to promoting the corporate image of the Group and increasing the available warehouse space, this new facility has also enhanced the product distribution network of the Group. The Company expects that the improvement in overall logistical efficiency will contribute positively to the Group's profitability in the long run.

Regarding the Computer Business segment, the Group anticipates continued softness or weakened demand for computer products and mobile accessories in the near future. To address this, the Group will focus on strengthening its brand image and developing new, innovative products to better cater to the evolving market demands and consumer preferences in this segment.

As for the Cosmetic and Online Retail Business, the Group believes that as social and economic conditions normalise with the lifting of boarder restrictions, combined with the continued enthusiasm of Hong Kong consumers for cross-border "northbound" shopping, the rapid growth in online consumption patterns witnessed earlier will transition to the next phase of development. Despite the changing consumer purchasing behaviour, the Group remains optimistic about the prospects of its Online Retail Business.

In conclusion, while the Group faces near-term challenges from global geopolitical and economic headwinds, it is taking strategic steps to enhance its operations, product offerings, and market positioning across its various business segments. The Group remains cautiously optimistic about its ability to navigate the evolving market conditions and deliver improved performance in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2024, the Group's cash and bank balances amounted to approximately HK\$24 million and the net current assets were approximately HK\$115 million. As at 31st March 2024, the current ratio increased to approximately 2.2 (as at 31st March 2023: approximately 1.9). Out of the Group's cash and bank balances, about 28% and 21% were denominated in Hong Kong dollars and United States dollars respectively. The balance of approximately 6%, 27%, 12%, 3%, 2% and 1% of its total cash and bank balances were denominated in Chinese Renminbi, South African Rand, Malaysia Ringgit, New Taiwan dollars, Singaporean dollars, Euro and others respectively. The Group's total assets amounted to approximately HK\$274 million (as at 31st March 2023: approximately HK\$320 million). Net assets per share amounted to approximately HK\$0.83 (as at 31st March 2023: approximately HK\$0.86). Dividend and basic loss per share were approximately HK\$0.01 and HK\$0.025 respectively (as at 31st March 2023: approximately HK\$0.01 and basic earnings per share HK\$0.002 respectively).

The Group generally finances its operation by internally generated resources and banking facilities provided by banks in Hong Kong. As at 31st March 2024, the Group had banking facilities for overdrafts, loans and trade finance from banks totaling approximately HK\$89 million (as at 31st March 2023: approximately HK\$91 million), with an unused balance of approximately HK\$63 million (as at 31st March 2023: approximately HK\$40 million). The Directors believe that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements.

CAPITAL STRUCTURE

As at 31st March 2024, the total borrowings of the Group were approximately HK\$26 million (as at 31st March 2023: HK\$50 million), which were in the form of short-term bank loans (including short-term loans and trade finance) for financing the daily business operations and future development plans. The majority of the Group's bank borrowings as at 31st March 2024 were denominated in Hong Kong dollars. These short-term loans and trade finance were secured by the Company's corporate guarantees of approximately HK\$76 million and the leasehold properties and investment properties in Singapore, Portugal and South Africa (as at 31st March 2023: HK\$76 million). During the Year Under Review, the Group's borrowings bore interest at rates ranging from 3.08% to 12.4% per annum (as at 31st March 2023: ranging from 2.8% to 11.3% per annum).

GEARING RATIO

As at 31st March 2024, the Group's gross borrowings repayable within one year, amounted to approximately HK\$62 million (as at 31st March 2023: approximately HK\$76 million). After deducting cash and cash equivalents of approximately HK\$24 million, the Group's net borrowings amounted to approximately HK\$38 million (as at 31st March 2023: approximately HK\$46 million). The total equity as at 31st March 2024 was approximately HK\$167 million (as at 31st March 2023: approximately HK\$173 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, decreased to 25% (as at 31st March 2023: 29%).

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 pegging 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 31st March 2024, 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 31st March 2024, the properties with carrying value of approximately HK\$25 million have been pledged to secure the general banking facilities granted to the Group's subsidiaries in Singapore, Portugal and South Africa.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31st March 2024.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2024, the Group had a total of 358 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).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7th August 2024 to 12th August 2024, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the annual general meeting, all transfers 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 6th August 2024. The Register of Members of the Company will be closed from 16th August 2024 to 20th August 2024, during which period no transfer of shares will be effected, and the final dividend will be paid on 29th August 2024. In order to qualify for the final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at the above address for registration not later than 4:30 p.m. on 15th August 2024.

DEALING IN COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event affecting the Group after the Year Under Review and up to the date of this announcement.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March 2024 as set out in the final results announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the final results announcement.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to principles of corporate governance practices and procedures. The corporate governance principles of the Company emphasise transparency, accountability and independence.

The Company has complied with the Code Provisions as set out in the Corporate Governance Code (the “Code”) in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the Year Under Review except for the following deviations:

Code Provision B.2.2 of the Code provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the Bye-laws of the Company provides that the Chairman and the Deputy Chairman will not be subject to retirement by rotation or be taken into account in determining the number of directors to retire. As continuation of the services of the Chairman and the Deputy Chairman is a key factor to the successful implementation of any long term business plan, the Board believes that present arrangement is most beneficial to the Company and the shareholders as a whole. Save for Mr. Ip Fu Wa, Benthony who was appointed as an independent non-executive director (the “INED”) for a term of two years since 31st August 2022, the other INEDs are not appointed for a specific term, all the INEDs are subject to retirement by rotation and re-election at the annual general meeting of the Company under Bye-law 111 of the Company’s Bye-laws.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted its own Securities Dealing Code on terms no less exacting than the required standard as set out in the Model Code in Appendix C3 to the Listing Rules. Upon specific enquiry by the Company, all directors have confirmed that they fully complied with the required standard set out in the Securities Dealing Code throughout the Year Under Review.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results for the Year Under Review with the Directors. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ip Fu Wa, Benthony, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric.

PUBLICATION OF FURTHER INFORMATION

All the financial and other related information of the Company required by paragraphs 45(1) to 45(9) of Appendix D2 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course. The annual report containing the financial statements and the notice of annual general meeting will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in early of July 2024.

APPRECIATION

I would like to thank our management team and all our staff members for their effort and significant contribution to the Group during the Year Under Review. In addition, I would like to express my heartfelt gratitude to our shareholders, institutional investors, customers, bankers and business partners for their continuous support and confidence in the Group.

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

Hong Kong, 25th June 2024

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 and Mr. Yeung Kwok Leung, Allix as executive Directors and Mr. Ip Fu Wa, Benthony, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric as independent non-executive Directors.