

MOBICON GROUP LTD :
MEASURE FOR MEASURE, IF YOU PLEASE

The only accurate nomenclature for the latest listing on the Main Board of The Stock Exchange of Hongkong Ltd is that it is the private '*bank*' of the family and friends of the chairman.

Mobicon Group Ltd, now designated Stock Code 1213, has been – and there is no reason that it should not be in the future – the private '*bank*' of the Founder and current Chairman, Mr Measure Hung Kim Fung.

Over the 43-month period to October 31, 2000, Chairman Measure Hung and his family have borrowed a total of not less than \$HK269,375,000 from Mobicon Group.

These facts are easily ascertainable on reading the Prospectus at Page 92, under Note e.:

Amounts of Money Due from Directors

<u>Name of the Recipient</u>	Financial Year ending March 31			Seven Months to October 31
	1998	1999	2000	2000
	All Figures are Denominated in \$HK'000			
Mr Measure Hung Kim Fung	29,027	33,636	35,726	28,237
Ms Beryl Yeung Man Yi (Wife of Mr Measure Hung Kim Fung)	21,170	29,957	33,470	23,234
Mr Hung Ying Fung (Brother of Mr Measure Hung Kim Fung)	4,111	5,185	6,578	1,585
Mr Allix Yeung Kwok Leung (Brother of Ms Beryl Yeung Man Yi)	4,111	5,185	6,578	1,585
TOTAL	<u>58,419</u>	<u>73,963</u>	<u>82,352</u>	<u>54,641</u>

The above table shows, only, the amounts of money, due to Mobicon Group, as at the designated Year's Balance Sheet Date, or as at October 31, 2000.

During the 7-month period to October 31, 2000, all of the above 4 Directors borrowed considerably more than the amounts, stated in TARGET's table as follows:

<u>Name of Recipient</u>	Seven Months to October 31, 2000
Mr Measure Hung Kim Fung	\$HK38,472,000
Ms Beryl Yeung Man Yi (Wife of Mr Measure Hung Kim Fung)	\$HK33,471,000
Mr Hung Ying Fung (Brother of Mr Measure Hung Kim Fung)	\$HK8,408,000
Mr Allix Yeung Kwok Leung (Brother of Ms Beryl Yeung Man Yi)	\$HK8,408,000
TOTAL	<u>\$HK88,759,000</u>

All of the above-mentioned loans to the 4 Directors '*were unsecured, non-interest bearing and without predetermined repayment terms*', Note e. states.

Whenever this analyst sees things of this nature in a New Listing Prospectus, the red flag of danger is hoisted.

It has to be borne in mind that the above Directors constitute the entire Board of Directors of this Company.

As such, they can do, just about, anything that pops into their little heads.

And this is the Company that, today, is soliciting funds from the investing public.

TARGET is not suggesting that any of the Directors has done anything wrong, but one would hope that, as a public company, such '*banKing*' activities would cease, forthwith.

The Flotation

Mobicon Group is Placing 20 million, 10-cent shares at a Premium of 90 cents per share and, at the same time, it is Issuing another 30 million New Shares on the same terms.

The net proceeds of this cash-raising exercise, amounting to about \$HK40 million, is intended to be applied as follows:

1. \$HK15 million to establish sales office in Malaysia, Singapore and Taiwan;
2. \$HK4 million to establish a product development centre in Shenzhen, the People's Republic of China (PRC);
3. \$HK15 million for the development of new product lines; and,
4. \$HK6 million to top up the General Working Capital Account.

Mobicon Group describes itself as being a distributor of electronic parts and components, as well as sourcing and distributing computer accessories.

In days of yore, such a company would have been described as a trader, but, in today's hi-tech world, the term, '*sourcing*', is used as a preferable alternative to '*trading*'.

The Company trades, mainly, in computer memory modules and peripherals and electronic parts and components, such as semi-conductors, quartz crystals, capacitors and resistors.

Over the past 43 months, the Company has been in profit as the following illustrates:

	Financial Year ended March 31			Seven Months to October 31
	1998	1999	2000	2000
	All Figures are Denominated in \$HK'000			
Turnover	681,164	553,643	588,172	316,390
Cost of Sales	(629,204)	(503,368)	(527,298)	(267,935)
Gross Profit	51,960	50,275	60,874	48,455
Distribution and Selling Expenses	(1,837)	(1,551)	(1,523)	(1,236)
General and Administrative Expenses	(28,598)	(28,953)	(25,390)	(15,662)
Profit from Operations	21,525	19,771	33,961	31,557
Interest Income	571	468	495	391
Profit before Taxation	22,096	20,239	34,456	31,948
Taxation	(3,676)	(3,034)	(5,523)	(5,035)
Profit after Taxation but Before Minority Interests	18,420	17,205	28,933	26,913
Minority Interests	(471)	(598)	(1,110)	(1,391)
Profit Attributable to Shareholders	17,949	16,607	27,823	25,522

For the Financial Year, ended March 31, 2001, the Company is forecasting a Net Profit Attributable to Shareholders before Extraordinary Items of not less than \$HK35 million.

The bulk of this Company's income was derived from sales in the Hongkong Special Administrative Region (HKSAR) as Page 34 of the Prospectus makes only too ... [CLICK TO ORDER FULL ARTICLE](#)

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