

## CHAIRMAN'S STATEMENT

### Introduction



Mobicon Group Limited ("the Group" or "Mobicon") was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 May 2001, making it among the first electronic components trading companies to be listed on the Hong Kong stock market. This annual report, for the financial year ended 31 March 2001, is the first to be produced since the listing. During the period, the Group recorded a net profit of 35 million, representing a substantial increase of approximately 25% in comparison with last year. This encouraging result surely marks an excellent beginning for the Group's development as a listed company.



### Business Results



The Group's turnover for the year ended 31 March 2001 was HK\$461 million, representing a decrease of approximately 22% as compared with HK\$588 million last year. However, in spite of the decline in turnover, gross profit rose by approximately 18% from HK\$61 million last year to 72 million. The result reflects the success of the Group's strategy of gradually shifting the focus of its product portfolio to electronic parts and components that generally command a higher profit margin.

Operating profit for the year was HK\$42 million, of which profit attributable to shareholders stood at HK\$35 million, representing earnings per share of HK\$0.24.

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### Market Positioning and Development Strategy

#### Market Positioning and Competitive Edge

The Group is principally engaged in the distribution and procurement of electronic parts and components, as well as computer accessories, and is distinguished among trading service providers in Hong Kong by using catalogues as its main distribution channel. Under the service brand names "Mobicon Electronic Components"  and "IC Master" , the Group provides manufacturers, small and medium enterprises ("SMEs") and individual consumers with full trading services, from answering enquiries and providing information right through to delivery and after-sales service. It also offers a complete price comparison system which saves customers the inconvenience of comparing and selecting prices through their own efforts. Mobicon's personalised and value-added purchasing service is in line with the Group's motto "we grow together".

Over the previous eighteen years, Mobicon has laid a strong foundation for its business. The Group has built up a massive customer base covering over 3,000 customers around the world and has established close business relationships with more than 800 suppliers, forming an extensive network which gives the Group a competitive edge in both purchasing and price bargaining. The Group's extensive range of trading services has gained wide acceptance in the market.

#### Development Strategy

The Group has been employing a "Satellite Development Strategy" to reinforce and expand its market worldwide through forming strategic alliances with local SMEs that show good potential and leveraging their market position by offering financial, management and marketing support so as to achieve mutual advantage. The Group's listing has helped to maximise the benefits of this strategy by strengthening Mobicon's corporate image, which is advantageous for future acquisitions and for building up closer relationships with suppliers in order to accelerate business development.

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### Prospects

The Group has a healthy financial status, clear market positioning, and a well defined strategic development blueprint covering everything from the development of its market and product range to the Group's future scale. In view of the high demand for total solution service in the local and regional markets, the Group is confident of its successful future development in the coming year and beyond.

To unlock the development potential of local and global markets, the Group will continue its "Satellite Development" and "Localisation" strategies to expand its presence and improve its corporate image in overseas markets, while enhancing its back-end support in order to strengthen the competitiveness of the Group and to earn better returns for its shareholders.

The Group also plans to produce a series of 20 categorised product catalogues, the first 10 of which will be finished in October 2001 for distribution to 73 countries around the globe. By this means, the Group aims to build up a closer business relationship with its suppliers and to increase the interest in its services among owners of international brands in order to further strengthen its global position.

To support these moves to develop overseas markets, the Group will increase the manpower of its product database and development centre in Shenzhen in order to strengthen its overall procurement capability and to make the database more comprehensive and cost-effective.

In the long term, the Group will continue to implement its successful business model and philosophy as it strives to become the leading electronic components trading service provider in the Asia Pacific region.

### Appreciation

I would like to thank all management teams and our staff for their efforts and significant contribution during the past year. I would also like to take this opportunity to extend my heartfelt appreciation to all our fellow shareholders and institutional investors for their continued support and confidence in the Group.

By order of the Board  
**Hung Kim Fung, Measure**  
*Chairman and Managing Director*

Hong Kong,  
17 July 2001.