THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the "Exchange")

5 December 2006

The Listing Committee of The Stock Exchange of Hong Kong Limited (the "Listing Committee") criticises the following parties for breaching the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange Listing Rules"):

1. **Mobicon Group Limited (the "Company");**
2. **Mr Hung Kim Fung, Measure, Chairman and an executive director of the Company ("Mr KF Hung");**
3. **Madam Yeung Man Yi, Beryl, Deputy Chairman and an executive director of the Company ("Madam Yeung");**
4. **Mr Hung Ying Fung, an executive director of the Company ("Mr YF Hung"); and**
5. **Mr Yeung Kwok Leung, Allix, an executive director of the Company ("Mr Allix Yeung").**

On 12 September 2006, the Listing Committee conducted a hearing into the conduct of the Company and Mr KF Hung, Madam Yeung, Mr YF Hung and Mr Allix Yeung (collectively, the "Relevant Directors") in relation to the obligations under Rule 8.08 of the Exchange Listing Rules and the Declaration and Undertaking with regard to Directors given by each of the Relevant Directors to the Exchange in the form set out in Appendix 5B to the Exchange Listing Rules (the "Director's Undertaking").

Facts

The Listing Division alleged that the Company breached Rule 8.08 in that, for a period of four years, i.e. from 5 July 2001 to March 2005, the Company failed to maintain a 25 per cent public float of the Company's issued share capital.

On 31 January 2005, the Securities and Futures Commission (the "SFC") informed the Listing Division that, having conducted a review of the shareholding distribution of the Company, the SFC had found that, as at 14 December 2004, a group of 12 investors held an aggregate of 38,276,000 shares in the Company, representing 19.14 per cent of the total issued capital. Their shareholding, together with the 75 per cent held by the directors and the controlling shareholders of the Company, represented 94.14 per cent of the Company's issued share capital as at 14 December 2004. This implied that only 5.86 per cent of the Company's issued share capital were held by other small investors.

In February 2005, the Listing Division raised enquiries with the Company in relation to this matter. The Company's shares were suspended from trading from 2:30 p.m. on 18 February 2005. An announcement was published by the Company on 18 March 2005 (the "Announcement") in which it stated that the Company having made reasonable enquiries with the directors of the Company and its subsidiaries, it ascertained that the Company's public float was, as at the date of the Announcement, approximately 18.44 per cent. The Company admitted that this was insufficient for the purpose of maintaining the minimum public float requirement of 25 per cent under Rule 8.08.

The information disclosed in the Announcement indicated that, as at 31 December 2004, Mr KF Hung, Mr Allix Yeung, their respective spouses and/or brothers together held, directly or through trusts, 75 per cent of the Company's issued share capital. Further, certain of the directors and their spouses of the Company's subsidiaries had interests in the Company's shares.

In the Announcement, the Company proposed remedial measures to restore its public float as follows: (i) Mr YF Hung, an executive director of the Company, who was interested in 30,000,000 shares, representing 15 per cent of the Company's entire share capital had agreed to dispose of 7,500,000 shares to two investment funds; and (ii) the spouse of a director of certain subsidiaries of the Company, who together with the director held 8,752,000 shares, representing 4.36 per cent of the Company's entire share capital, had agreed to dispose of 6,000,000 shares to five individuals, all being independent parties.

By the end of March 2005, the Company's public float was apparently restored and trading was resumed on 21 March 2005.

In respect of the Relevant Directors, the Listing Division alleged that they had failed to demonstrate by their actions that they had used their best endeavours to procure the Company's compliance with the Exchange Listing Rules.

Decision

The Listing Committee concluded that:

(i) the Company breached Rule 8.08 of the Exchange Listing Rules; and

(ii) each of the Relevant Directors breached the Director's Undertaking for failing to use best endeavours to procure the Company's compliance with the Exchange Listing Rules.

The Listing Committee decided to impose a public statement which involved criticism on the Company and each of the Relevant Directors for their respective breaches mentioned in (i) and (ii) above.

The Listing Committee recognised that there was no evidence of intentional breach and the Company treated the incident seriously, including taking prompt action to restore the public float, making relevant disclosure in the Announcement and putting in place better internal control procedures to avoid breaches going forward. Nevertheless, given the serious nature of the breach, the Committee decided to impose a public statement which involved criticism.

Head of Listing, Richard Williams said, “The Exchange places great importance on the need to maintain a sufficient level of public float for listed securities. A failure to do so makes trading less liquid and thereby makes trading in those securities more susceptible to market manipulation.

It is vital that listed issuers are in a position to monitor compliance with this provision and to do so effective systems should be put in place to ensure that directors are alerted and informed in a timely manner of issues which may arise in achieving compliance with this important rule. In this case the breach persisted for the period of four years and was only identified and remedied after the Company was alerted by the regulators thus giving rise to the delivery of a public sanction against the Company and the Executive Directors of the Company.”