FIRST MOBILE GROUP HOLDINGS LIMITED

（第一電訊集團有限公司）*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 865)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors of First Mobile Group Holdings Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Revenue	5	**23,186**	58,602
Cost of sales		**(23,004)**	(54,387)
Gross profit		**182**	4,215
Other income	6	**142**	23,962
Selling and distribution expenses		**(739)**	(10,080)
General and administrative expenses		**(14,397)**	(25,223)
Other operating expenses		**(18,810)**	(8,014)
Provision for financial guarantee liabilities	15	**(31,139)**	(27,797)
Gain on deconsolidation of a liquidating subsidiary	7	**24,508**	29,107
Loss from operations		**(40,253)**	(13,830)
Finance costs	8	**(162,989)**	(164,182)
Loss before tax		**(203,242)**	(178,012)
Income tax	9	**11**	6,255
Loss for the year	10	**(203,231)**	(171,757)

* *For identification purpose only*

	Note	**2012**	2011
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**(203,228)**	(171,719)
Non-controlling interests		**(3)**	(38)
		(203,231)	(171,757)
Loss per share			
Basic and diluted *(HK cents per share)*	*12*	**(10.44)**	(8.82)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 *HK$'000*	2011 *HK$'000*
Loss for the year	**(203,231)**	(171,757)
Other comprehensive (loss)/income:		
Exchange differences reclassified to profit or loss upon deconsolidation of a liquidating subsidiary	**1,514**	(1,821)
Exchange differences on translation of foreign operations	**(3,708)**	4,640
	(2,194)	2,819
Total comprehensive loss for the year	**(205,425)**	(168,938)
Attributable to:		
Owners of the Company	**(205,422)**	(168,901)
Non-controlling interests	**(3)**	(37)
	(205,425)	(168,938)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Non-current asset			
Property, plant and equipment		**777**	1,132
Current assets			
Inventories		**74**	1,843
Trade receivables	*13*	**868**	3,151
Prepayments, deposits and other receivables		**3,863**	9,682
Pledged bank deposits		**–**	213
Cash and bank balances		**678**	903
		5,483	15,792
Current liabilities			
Trade and bills payables	*14*	**546,246**	543,590
Accruals and other payables		**623,718**	473,265
Bank borrowings		**468,745**	480,040
Finance lease payables		**106**	231
Current tax liabilities		**1,913**	2,069
Financial guarantee liabilities	*15*	**58,936**	27,797
Convertible loans	*16*	**32,868**	12,561
		1,732,532	1,539,553
Net current liabilities		**(1,727,049)**	(1,523,761)
Total assets less current liabilities		**(1,726,272)**	(1,522,629)

	2012	2011
	HK$'000	*HK$'000*
Non-current liability		
Finance lease payables	–	49
NET LIABILITIES	**(1,726,272)**	(1,522,678)
Capital and reserves		
Share capital	**194,600**	194,600
Reserves	**(1,919,340)**	(1,715,749)
Equity attributable to owners of the Company	**(1,724,740)**	(1,521,149)
Non-controlling interests	**(1,532)**	(1,529)
TOTAL EQUITY	**(1,726,272)**	(1,522,678)

NOTES

1. GENERAL INFORMATION

First Mobile Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, KY1-1106, Grand Cayman, Cayman. The address of its principal place of business is Workshop 6, Level 1, Wah Yiu Industrial Centre, 30-32 Au Pui Wan Street, Fotan, Shatin, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and its shares were suspended from trading since 27 November 2009.

The Company is an investment holding company. The Group's principal activities have not changed during the year and is engaged in the trading and distribution of mobile phones and related accessories.

2. BASIS OF PREPARATION

Suspension of trading in shares of the Company

At the request of the Company, trading in shares of the Company had been suspended since 27 November 2009. Pursuant to a letter from the Stock Exchange on 3 June 2010, among other things, the Company was required to submit a viable resumption proposal (the "Resumption Proposal") to the Stock Exchange, which should address the Company's ability to meet certain conditions for resumption of trading in shares of the Company.

On 2 November 2010, the Stock Exchange issued another letter to the Company informing that the Company had been placed in the first delisting stage under Practice Note 17 (the "PN 17") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company is required to submit a Resumption Proposal to the Stock Exchange by 1 May 2011 to demonstrate that the Company has:

(a) sufficient level of operations or assets of sufficient value required under Rule 13.24 of the Listing Rules;

(b) adequate internal controls to meet obligations under the Listing Rules; and

(c) sufficient working capital for at least twelve months from resumption date.

The Company submitted a resumption proposal to the Stock Exchange on 1 April 2011 with a view to seek the Stock Exchange's approval for the resumption of trading in the shares of the Company. However, on 26 May 2011, the Stock Exchange informed the Company that this resumption proposal had not satisfactorily demonstrated sufficiency of operations or asset under Rule 13.24 of the Listing Rules and the Company had been placed in the second stage of delisting procedures commenced on 26 May 2011 pursuant to PN17.

On 8 November 2011, the Company submitted a revised resumption proposal to the Stock Exchange to seek their approval for the resumption of trading in the shares of the Company. On 16 March 2012, the Company provided further information to the Stock Exchange in response to the Stock Exchange's queries and in support of the revised resumption proposal.

At the end of the second delisting stage, the Company did not provide a viable resumption proposal to the Stock Exchange to demonstrate its sufficiency of operations or assets for listing. Therefore, the Stock Exchange placed the Company in the third delisting stage on 30 June 2012.

Subsequently, on 4 December 2012, the Company has submitted another resumption proposal to the Stock Exchange, which involves, inter alia, the proposed acquisition by the Company of the entire issued and paid-up share capital of Chongqing Fuling Julong Electric Power Co., Ltd ("Julong") (the "Proposed Acquisition"). Further details of the Proposed Acquisition are described in the Company's announcement dated 21 December 2012.

Proposed restructuring of the Group (the "Proposed Restructuring")

As described in the Company's announcement on 5 July 2010, the Company, the potential investor, the major shareholders and the authorised agent of the creditors, Deloitte Touche Tohmatsu ("Deloitte"), entered into the exclusivity agreement (the "Exclusivity Agreement") on 25 June 2010 for the purpose of the Proposed Restructuring. The Proposed Restructuring will be carried out by way of either the debt acquisition or the scheme of arrangement depending on the indication of preference by the creditors during the creditors' election period.

On 18 August 2010, the Company announced that, upon the expiry date of the creditors' election period, it was determined on 12 August 2010 that the Proposed Restructuring will be carried out by way of the scheme of arrangement in accordance with the Exclusivity Agreement as determined by the indication of preference received from the relevant creditors during the creditors' election period. Furthermore, creditors whose indebtedness represents more than 75% in value of the total indebtedness had executed the standstill agreement (the "Standstill Agreement") with the Group during the creditors' election period.

By a notice dated 28 November 2012, Deloitte informed all relevant parties participating in the Standstill Agreement that the long stop date under the Standstill Agreement has been further extended from 30 September 2012 to 31 December 2012. Subsequently, by another notice dated 25 January 2013, Deloitte informed all the relevant parties in the Standstill Agreement that the long stop date has been further extended to 28 February 2013. The Company is currently seeking a further extension of the long stop date under the Standstill Agreement.

Pursuant to the side letter entered into between the Company and the Investor on 4 December 2012, the parties agreed, among other matters, to further extend the long stop date under the Subscription Agreement from 30 September 2012 to 28 February 2013. Subsequently, on 6 February 2013, the Company entered into another side letter with the Investor that the long stop date under the Subscription Agreement has been further extended to 30 September 2013.

On 4 December 2012, the Company also entered into side letters with each of the Lenders to, among other matters, extend the repayment dates under the respective Loan Agreements from 31 December 2012 to 28 February 2013. Subsequently, on 5 February 2013, the Company entered into additional side letters with the Lenders to further extend the repayment dates from 28 February 2013 to 30 September 2013.

The revised Proposed Restructuring involves the proposed capital reorganisation, proposed creditor schemes and group reorganisation, and proposed subscription for new shares, proposed application for the granting of the whitewash waiver and the Proposed Acquisition. The completion of the revised Proposed Restructuring is conditional upon fulfilment of certain key conditions precedent which include, among other things, the passing of the resolutions by the shareholders of the Company at the extraordinary general meeting; the granting of the whitewash waiver by the Securities and Futures Commission of Hong Kong; the capital reorganisation becoming effective; and the submission of the Resumption Proposal to the Stock Exchange and the satisfaction of the conditions set out in the letter by the Stock Exchange to the Company granting in-principle approval to the Resumption Proposal.

The details of the conditions precedent and the updates on the revised Proposed Restructuring are further described in the announcements of the Company on 16 September 2010, 30 September 2010, 24 December 2010, 14 February 2011, 6 May 2011, 14 February 2012, 21 December 2012 and 18 January 2013. (hereinafter referred to as the "Announcements"). The Proposed Restructuring, if successfully implemented, consists of, among other things, the principal elements in notes and paragraphs below. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in those Announcements.

(a) *Capital Reorganisation*

The Company will undergo the Capital Reorganisation comprising the Capital Reduction, Share Premium Cancellation and Share Consolidation. Before the Capital Reorganisation, the authorised share capital of the Company is HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each, and the issued share capital of the Company is HK$194,599,656.50 divided into 1,945,996,565 Shares of HK$0.10 each. Immediately after completion of the Capital Reorganisation, the authorised share capital of the Company will be HK$500,000,000 divided into 100,000,000,000 Adjusted Shares of HK$0.005 each and the issued share capital of the Company will be reduced to HK$972,998.28 divided into 194,599,656 Adjusted Shares of HK$0.005 each. The Adjusted Shares after Capital Reorganisation will be identical and rank pari passu in all respects with each other.

(b) *Creditor Schemes*

Pursuant to the proposed Creditor Schemes, upon effective, all or any claims against the Company will be compromised and discharged through (i) a cash payment of HK$162 million (which will be funded by the Company out of the the proceeds of the Subscription); (ii) the funds received through the realisation or winding up of the Scheme Subsidiaries after payment of their respective liabilities; and (iii) assignments and/or transfers of balances between Scheme Subsidiaries and the Company together with the Retained Subsidiaries up to the Effective Date to Newco or the Administrators (or their nominees) for the purpose of the Creditor Schemes.

At the Scheme Meeting held on 21 December 2010, the Creditor Schemes proposed to be made between the Company and the Creditors were unanimously approved by the Creditors attending and voting at such meeting in person or by proxy.

On 8 February 2011, the Hong Kong Scheme was sanctioned by the High Court. The Hong Kong Scheme will become effective and legally binding on the Company and the Creditors upon (i) fulfillment of conditions as stipulated under the Hong Kong Scheme, including amongst others, fulfillment of the specified conditions precedent to the Subscription Agreement; and (ii) filing of the abovementioned order of the High Court with the Registrar of Companies in Hong Kong.

On 28 April 2011, the scheme of arrangement proposed to be made between the Company and the Creditors pursuant to section 86 of the Companies Law of the Cayman Islands (the "Cayman Scheme") was sanctioned by the Grand Court. The Hong Kong Scheme and the Cayman Scheme will become effective and legally binding on the Company and the Creditors upon fulfillment of the specified conditions precedent to the Subscription Agreement.

(c) *Group Reorganisation*

The proposed Creditor Schemes and Group Reorganisation will split the Group into (i) the Retained Subsidiaries retained under the control of the Company through its wholly-owned subsidiary, Marzo Holdings Limited, a SPV newly incorporated; and (ii) the Scheme Subsidiaries to be held outside the Restructured Group by a Newco which is wholly-owned by the Administrators for the purpose of holding the Scheme Subsidiaries.

The Group Reorganisation, being part of the Creditor Schemes which were approved by the Creditors at the scheme meeting held on 21 December 2010, if carried out at the date of the abovementioned scheme meeting, shall constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and subject to the Listing Rules requirement for notification and publication of an announcement. The relevant announcement was made on 24 December 2010.

(d) *Subscription for New Shares*

Pursuant to the Subscription Agreement dated 27 August 2010 (as amended by the side letters dated 15 September 2010, 23 December 2010, 31 March 2011, 7 July 2011, 2 November 2011 and 30 March 2012, and the supplemental subscription agreement dated 28 September 2010), the Company has conditionally agreed to allot and issue to the Investor, and the Investor has conditionally agreed to subscribe for 925,714,285 Subscription Shares, at a Subscription Price of approximately HK$0.175 per Subscription Share, for a total cash consideration, before expenses, of HK$162 million.

(e) *Acquisition of Julong*

On 24 November 2012, the Company entered into the Term Sheet with CWCPI and the management shareholders of Julong (”Julong Management Shareholders”) pursuant to which the Company proposed to acquire the entire issued and paid-up share capital of Julong at a consideration of approximately HK$680 million (subject to adjustments pursuant to the Term Sheet) to be satisfied through the issuance of the Consideration Shares. As previously announced by the Company on 16 September 2010 (prior to the entering into of the Term Sheet), the Subscription would result in the Investor becoming interested in approximately 95% of the voting rights of the Company. Pursuant to the Term Sheet and the Subscription Agreement (as amended and revised on 4 December 2012 to facilitate the transaction contemplated under the Term Sheet), upon completion of the Proposed Acquisition and the Subscription, the owners of the entire equity interest in Julong (the “Vendors”) and the Investor will be interested in approximately 68% and 22% of the voting rights of the Company respectively. Based on the foregoing, the Investor will be interested in less than 30% of the voting rights of the Company upon completion of the Proposed Acquisition and the Subscription. The Investor will not apply to the Executive for any whitewash waiver. Further details of the Proposed Acquisition are described in the Company’s announcement dated 21 December 2012 and 18 January 2013.

Further to the Term Sheet, on 21 January 2013, the Company entered into the acquisition agreement with Chongqing Fuling Energy Industry Group Co., Ltd. (“Energy Industry”) and the Julong Management Shareholders pursuant to which the Company proposed to acquire the Sale Equity Interests (representing the entire issued and paid-up share capital of Julong) at a consideration of HK$680 million to be satisfied through the issuance of the Consideration Shares.

The Proposed Acquisition constitutes a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company pursuant to Rule 14A.13(1)(b)(i) of the Listing Rules and is therefore subject to the approval of the Independent Shareholders at the EGM and the Stock Exchange's approval of the Company's new listing application.

The information relating to the acquisition agreement as required under the Takeovers Code and the Listing Rules will be set out in a joint announcement to be issued by the Company and Energy Industry.

Going concern basis

The Group incurred a loss attributable to owners of the Company of approximately HK$203,228,000 (2011: HK$171,719,000) for the year ended 31 December 2012 and as at that date, the Group had net current liabilities of approximately HK$1,727,049,000 (2011: HK$1,523,761,000) and net liabilities of approximately HK$1,726,272,000 (2011: HK$1,522,678,000) respectively.

The condition above indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. To address the issues above, the Company had explored and negotiated with its creditors and potential investors for the aforesaid revised Proposed Restructuring of the Group.

The consolidated financial statements have been prepared on a going concern basis, as the Company is preparing the Resumption Proposal. The successful implementation of which will effect the Creditor Schemes and the Subscription Agreement to settle with the Creditors and allow the trading in the shares of the Company being resumed. The Directors are of the view that the major procedures of the revised Proposed Restructuring will eventually be agreed upon by the Company's Creditors, the Investor, the Lenders, the Vendors and the Company's shareholders, and will be successfully implemented.

Should the Group be unable to achieve a successful restructuring as mentioned above, or alternatively under other available options of restructuring, and therefore be unable to continue its business as a going concern, adjustments might have to be made to the carrying amounts of the Group's assets to state them at their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities to current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION

The Group's revenue and loss for the years ended 31 December 2012 and 2011 were mainly derived from its only operating segment of trading and distribution of mobile phones and related accessories.

Segment profits or losses do not include interest income, finance costs, share of results of an associate, income tax and unallocated income and expenses. Segment assets consist primarily of property, plant and equipment, inventories, trade receivables, other receivables, prepayments and operating cash, and mainly exclude tax assets and other unallocated assets. Segment liabilities comprise operating liabilities and exclude items such as bank borrowings, finance lease payables, tax payables, financial guarantee liabilities and convertible loans. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Information about reportable segment profit or loss, assets and liabilities:

	2012	2011
	HK$'000	*HK$'000*
Year ended 31 December:		
Revenue from external customers	**23,186**	58,602
Segment loss	**(40,254)**	(13,842)
Interest income	**1**	12
Interest expense	**162,989**	164,182
Depreciation	**666**	1,116
Income tax	**(11)**	(6,255)
Other material non-cash items:		
Reversal of impairment on inventories	**(981)**	(877)
Impairment on trade receivables	**447**	4,377
Impairment on prepayments, deposits and other receivables	**13,843**	5,670
Gain on disposal of non-current asset held for sale	**–**	(10,255)
Gain on disposal of property, plant and equipment	**(32)**	(555)
Additions to segment non-current assets	**430**	680
At 31 December:		
Segment assets	**6,260**	16,924
Segment liabilities	**1,169,964**	1,016,855

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2012 *HK$'000*	2011 *HK$'000*
Profit or loss:		
Total profit or loss of reportable segments	**(40,254)**	(13,842)
Unallocated profit or loss:		
Finance costs	**(162,989)**	(164,182)
Income tax	**11**	6,255
Interest income	**1**	12
Consolidated loss for the year	**(203,231)**	(171,757)
Assets:		
Total assets of reportable segments/total consolidated assets	**6,260**	16,924
Liabilities:		
Total liabilities of reportable segments	**1,169,964**	1,016,855
Unallocated liabilities		
Bank borrowings	**468,745**	480,040
Finance lease payables	**106**	280
Current tax liabilities	**1,913**	2,069
Financial guarantee liabilities	**58,936**	27,797
Convertible loans	**32,868**	12,561
Consolidated total liabilities	**1,732,532**	1,539,602

Geographical information:

	Revenue		Non-current assets	
	2012 ***HK$'000***	2011 *HK$'000*	**2012** ***HK$'000***	2011 *HK$'000*
Hong Kong	**14,314**	1,754	**368**	191
Malaysia	**1,606**	879	**–**	84
Indonesia	**7,266**	55,216	**409**	857
Vietnam	**–**	117	**–**	–
India	**–**	636	**–**	–
	23,186	58,602	**777**	1,132

Revenue for the year from two customers of the Group represents approximately HK$5,547,000 and HK$3,307,000 of the Group's total revenue respectively. Revenue for last year from another two customers of the Group represented approximately HK$12,034,000 and HK$10,746,000 of the Group's total revenue respectively.

In presenting the geographical information, revenue is based on the location of the customers.

5. REVENUE

Revenue comprises the fair value of the consideration for the sale of goods in the ordinary course of the Group's activities and gross rental income received and receivables during the year. Revenue is shown, net of value-added tax, returns, rebates and discounts allowed and after eliminating sales within the Group. An analysis of the Group's revenue is as follows:

	2012	2011
	HK$'000	*HK$'000*
Turnover from sales of mobile phones and related accessories, net	**23,186**	58,555
Other rental income	**–**	47
Total revenue	**23,186**	58,602

6. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Compensation from insurance claim	**–**	870
Interest income	**1**	12
Exchange gains, net	**–**	10,200
Gain on disposal of property, plant and equipment	**32**	555
Gain on disposal of non-current asset held for sale	**–**	10,255
Sundry income	**109**	2,070
	142	23,962

7. GAIN ON DECONSOLIDATION OF A LIQUIDATING SUBSIDIARY

As detailed in the Company's announcement dated 17 February 2012, a winding-up order was issued by the High Court of Malaya, Kuala Lumpur on 14 February 2012 ordering among other things that Mobile Distribution (M) Sdn. Bhd. ("MDM"), an indirect wholly-owned subsidiary of the Company, be wound up and that the official receiver of Malaysia be appointed as liquidator of MDM. The Directors considered that the control over MDM was lost since then. The results, assets and liabilities, and cash flows of MDM were deconsolidated from the Group's consolidated financial statements with effect from 14 February 2012.

	MDM	EM*
	2012	2011
	HK$'000	*HK$'000*
Net liabilities of the subsidiary deconsolidated:		
Prepayment, deposits and other receivables	**–**	158
Current tax assets	**–**	640
Cash and bank balances	**2**	90
Trade and bills payables	**(5,527)**	–
Accruals and other payables	**(112)**	(377)
Amounts due to the Group	**(23,137)**	(56,355)
Bank overdrafts	**(2,581)**	(26,641)
Bank borrowings	**(17,804)**	(1,156)
Net liabilities of the deconsolidated subsidiary	**(49,159)**	(83,641)
Impairment of amount due from the deconsolidated subsidiary	**23,137**	56,355
Release of the related foreign currency translation reserves	**1,514**	(1,821)
Gain on deconsolidation of a liquidating subsidiary	**(24,508)**	(29,107)

* On 6 December 2011, Exquisite Model Sdn. Bhd. ("EM"), an indirect wholly-owned subsidiary of the Company, was wound up and that the official receiver of Malaysia was appointed as liquidator of EM. The Directors considered that the control over EM was lost since then. The results, assets and liabilities, and cash flows of EM were deconsolidated from the Group's consolidated financial statements with effect from 6 December 2011.

8. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest expenses on borrowings and payables wholly repayable within five years		
– bank borrowings	**55,159**	58,602
– finance leases	**49**	55
– convertible loans	**3,181**	835
– trade payables	**104,600**	104,690
	162,989	164,182

9. INCOME TAX

	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax:		
Provision for the year	**–**	37
Over provision in prior year	**(11)**	–
Deferred tax	**–**	(6,292)
	(11)	(6,255)

No provision for Hong Kong profits tax has been made for the year, as the Group has no estimated assessable profits arising in Hong Kong. Hong Kong profits tax was calculated at 16.5% of the estimated assessable profits for last year. Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax and loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2012	2011
	HK$'000	*HK$'000*
Loss before tax:	**(203,242)**	(178,012)
Calculated at a domestic tax rate of 16.5% (2011: 16.5%)	**(33,535)**	(29,372)
Effect of different tax rates in other countries	**527**	113
Income not subject to tax	**(4,038)**	(8,262)
Expenses not deductible for tax purpose	**25,136**	26,762
Over provision in prior year	**(11)**	–
Reversal of temporary difference	**–**	(6,292)
Tax losses not recognised	**11,910**	10,796
	(11)	(6,255)

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK$2,311,231,000 (2011: HK$2,324,910,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams of the Group.

10. LOSS FOR THE YEAR

The Group's loss for the year was arrived at after charging/(crediting) the amounts as set out below.

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**23,004**	54,387
Auditors' remuneration	**745**	744
Depreciation of property, plant and equipment	**666**	1,116
Operating leases:		
– land and buildings	**749**	1,292
– office equipment	**16**	56
Property, plant and equipment written off*	**–**	725
Impairment on trade receivables**	**447**	4,377
Impairment on prepayments, deposits and other receivables*	**13,843**	5,670
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	**6,092**	9,182
– retirement benefits scheme contributions	**109**	368
	6,201	9,550
Exchange losses/(gains)*	**4,962**	(10,200)
Gains on disposals of property, plant and equipment*	**(32)**	(555)
Gain on disposal of non-current asset held for sale*	**–**	(10,255)
Reversal of impairment on inventories# (included in cost of inventories sold)	**(981)**	(877)

* These items were included in other income or other operating expenses.

** These items were included in general and administrative expenses.

\# The impairments on inventories were reversed as their carrying amounts were subsequently recovered with the higher net realisable values.

11. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2012 (2011: nil).

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company was based on the loss for the year attributable to owners of the Company of approximately HK$203,228,000 (2011: HK$171,719,000) and the weighted average number of 1,945,996,565 (2011: 1,945,996,565) ordinary shares in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as the exercise of the Group's outstanding convertible loans would be anti-dilutive for both years. There were no dilutive potential ordinary shares for the Company's outstanding share options for the year ended 31 December 2011.

13. TRADE RECEIVABLES

The normal credit period granted to the customers of the Group was up to 30 days (2011: 30 days), except for the sales made to certain creditworthy customers to which a longer credit period may be granted on a case by case basis. At the end of the reporting period, the aging analysis of the trade receivables is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
1-30 days	**173**	2,444
31-60 days	**21**	371
61-90 days	**–**	275
91-120 days	**21**	70
Over 120 days	**1,239,000**	1,238,645
Less: Impairments	**(1,238,347)**	(1,238,654)
	868	3,151

At the end of the reporting period, the ageing analysis of net trade receivables, which was past due but not impaired, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
31-60 days	**–**	371
61-90 days	**–**	275
91-120 days	**–**	61
Over 120 days	**847**	–
	847	707

The creation or release of provision for impaired trade receivable have been included in "General and administrative expenses" of the consolidated income statement. Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote. Impaired amounts were directly written off against trade receivables when there was no expectation of recovering additional cash.

At the end of the reporting period, trade receivables of the Group amounting to approximately HK$1,238,347,000 (2011: HK$1,238,654,000) were impaired. The individually impaired trade receivables mainly related to customers that had prolonged their repayment due to unexpected financial difficulties.

Movements on the impairment of trade receivables are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
At 1 January	**1,238,654**	1,239,653
Impairments for the year	**447**	4,377
Deconsolidation of a liquidating subsidiary	**(129)**	–
Exchange differences	**(625)**	(5,376)
At 31 December	**1,238,347**	1,238,654

14. TRADE AND BILLS PAYABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade payables	**435,603**	434,302
Bills payables	**110,643**	109,288
	546,246	543,590

At the end of the reporting period, the ageing analysis of the trade payables is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
1-30 days	**9**	252
31-60 days	**16**	–
61-90 days	**178**	–
91-120 days	**–**	–
Over 120 days	**435,400**	434,050
	435,603	434,302

Included in the trade payables at the end of the reporting period, approximately HK$406,589,000 (2011: HK$405,432,000) of which were secured by certain corporate guarantees granted by the Company to the former largest supplier of the Group and certain trade insurance companies. Included in the guaranteed trade payables, approximately HK$344,500,000 (2011: HK$344,500,000) and approximately HK$62,089,000 (2011: HK$60,933,000) of which were interest-bearing at approximately 2.5% per month and at approximately 1.95% per annum respectively.

At the end of the reporting period, the Group's bills payables were secured by certain corporate guarantees granted by the Company. The bills payables of the Group were interest-bearing at approximately 8.29% (2011: 8.28%) per annum.

15. FINANCIAL GUARANTEE LIABILITIES

The Company and its indirect wholly-owned subsidiary, First Mobile Group Sdn. Bhd. ("FMGSB"), have given corporate guarantees to certain banks to secure for the general banking facilities of EM and MDM totaling approximately HK$58,936,000. In view that EM and MDM are currently in liquidation, and on ground that the potential claims of these corporate guarantees granted by the Company and FMGSB may be exercised by the relevant banks, a provision for financial guarantee liabilities of approximately HK$58,936,000 have been made against the potential uncovered exposures to be borne by the Company and FMGSB under such guarantees.

16. CONVERTIBLE LOANS

(a) Time Boomer Limited ("Time Boomer"), a party nominated by the Investor to provide HK$13 million out of HK$50 million standby working capital facility pursuant to the terms of the Exclusivity Agreement, entered into the Loan Agreement (the "Time Boomer Loan" or the "Time Boomer Convertible Loan") with Mobile Distribution Limited ("MDL"), a wholly-owned subsidiary of the Company. The Time Boomer Loan is convertible into 74,285,714 Adjusted Shares of the Company at HK$0.175 per share upon fulfillment of certain conditions precedent as described in the Company's announcement dated 14 July 2011 (the "14 July 2011 Announcement").

The Time Boomer Loan shall be initially repayable in full by 31 December 2012 (see Note below) if the Time Boomer Loan has not been converted by then. Interest of 8 per cent per annum will be paid monthly up until the Time Boomer Loan is converted or redeemed.

The interest charged for the year is calculated by applying an effective interest rate of 12.01% per annum to the liability component.

The Time Boomer Convertible Loan is secured by (i) the FMG Share Charge over a total of 68.5% of the entire issued shares of the Company held by the Major Shareholders; (ii) the Personal Guarantees given by Mr. Ng Kok Hong and Ms. Tan Sook Kiang; (iii) the share charges over the entire issued share capital of MDL; and (iv) the Fixed and Floating Charge over the assets of MDL. The FMG Share Charge, the Personal Guarantees and the Fixed and Floating Charge will continue to be in force and, subject to the terms and conditions as further described in the 14 July 2011 Announcement.

(b) First Apex Investments Limited ("First Apex"), a party nominated by the Investor to provide HK$20 million out of HK$50 million standby working capital facility pursuant to the terms of the Exclusivity Agreement, entered into the Loan Agreement (the "First Apex Loan" or "First Apex Convertible Loan") with MDL, a wholly-owned subsidiary of the Company. The First Apex Loan is convertible into 114,285,714 convertible preference shares of HK$0.005 each of the Company ("CPS") at HK$0.175 per CPS which in turn is convertible into one Adjusted Share of the Company, upon fulfillment of certain conditions precedent as described in the Company's announcement dated 14 February 2012 (the "14 February 2012 Announcement").

The First Apex Loan shall be initially repayable in full on 31 December 2012 (see Note below) if the First Apex Loan has not been converted by then. The First Apex Loan does not bear any interest.

The interest charged for the year is calculated by applying an effective interest rate of 10.35% per annum to the liability component.

The First Apex Convertible Loan is secured by (i) the FMG Share Charge over a total of 68.5% of the entire issued shares of the Company held by the Major Shareholders; (ii) the Personal Guarantee given by Mr. Ng Kok Hong; (iii) the share charges over the entire issued share capital of MDL; and (iv) the Fixed and Floating Charge over the assets of MDL. The FMG Share Charge, the Personal Guarantee and the Fixed and Floating Charge will continue to be in force and, subject to the terms and conditions as further described in the 14 February 2012 Announcement.

(c) The net proceed received from the Time Boomer and First Apex Convertible Loans have been split between the liability element and an equity component, as follows:

	Convertible Loans – Group		
	Time Boomer	**First Apex**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Nominal value of convertible loan issued	13,000	–	13,000
Less: initial equity component	(778)	–	(778)
Liability component subtotal	12,222	–	12,222
Interest charged	835	–	835
Interest paid	(496)	–	(496)
Liability component at 31 December 2011 and 1 January 2012	12,561	–	12,561
Nominal value of convertible loan issued	–	20,000	20,000
Less: initial equity component	–	(1,831)	(1,831)
Liability components subtotal	12,561	18,169	30,730
Interest charged	1,458	1,723	3,181
Interest paid	(1,043)	–	(1,043)
Liability components at 31 December 2012	12,976	19,892	32,868

Note: On 4 December 2012, the Company entered into side letters with Time Boomer and First Apex to, among other matters, extend the repayment dates under Time Boomer Loan and First Apex Loan from 31 December 2012 to 28 February 2013. Subsequent to the end of the reporting period, on 5 February 2013, the Company entered into additional side letters with Time Boomer and First Apex to further extend the repayment dates from 28 February 2013 to 30 September 2013.

17. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, there are certain updates on the Group's Proposed Restructuring in progress, and further details of which are stated in note 2.

(b) A writ of summons dated 13 February 2013 was served on FMGSB on 15 February 2013. The plaintiff, Raja, Darryl & Loh claimed against FMGSB for outstanding bills with interests thereon in aggregate of approximately Malaysian Ringgit 88,000 (equivalent to approximately HK$224,000). In the opinion of the Directors, adequate provision has been made against the aforesaid claim at the end of the reporting period.

18. APPROVAL OF FINANCIAL INFORMATION

This financial information was approved and authorised for issue by the Board of Directors on 21 March 2013.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Basis for disclaimer of opinion

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that the Company has been pursuing a proposed restructuring. The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Disclaimer of opinion

Because of the significance of the material uncertainty relating to the going concern basis as described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the financial year under review, the Group continued to focus mainly on the trading and distribution of its house-brand mobile phones.

The Group has been operating on a very tight working capital cycle following the withdrawal of credit facilities by the Group's banks and trade creditors since 2009. Accordingly, the management has taken appropriate measures to reduce overheads and financial commitments where possible to ensure that its limited working capital is deployed in the most effective manner to enhance the Group's financial position.

Financial Review

Overview

The Group recorded a turnover of approximately HK$23 million for the financial year ended 31 December 2012 ("FY2012"), representing a decrease of 60.4% over the previous financial year ended 31 December 2011 ("FY2011")'s turnover of approximately HK$59 million. The decrease in turnover is mainly attributable to the generally weak market conditions for house brand mobile phones in Indonesia. In relation to this, the Group recorded a gross profit margin of approximately 0.8% in FY2012 as compared to a gross profit margin of approximately 7.2% in FY2011.

The Company recorded an other income of approximately HK$0.1 million for FY 2012, representing a decrease of 99.4% compared to FY2011. The decrease was mainly attributable to gain of approximately HK$10 million on disposal of non-current asset held for sale and the net exchange gain of approximately HK$10 million in FY2011.

The Group's selling and distribution expenses decreased by 92.7% from HK$10.1 million to HK$0.7 million mainly due to the decrease in turnover, and the expenditures relating to the Group's brand building and marketing campaigns in Indonesia incurred in FY2011.

The Group's general and administrative expenses decreased by approximately HK$11 million compared to FY2011 mainly due to the various cost-cutting measures implemented by the Group.

Finance cost decreased by approximately HK$1 million compared to FY2011 mainly due to the net impact of i) the decreased bank borrowings resulting from the deconsolidation of a subsidiary company during FY2012 and ii) the convertible loan newly raised.

The loss attributable to owners of the Company was approximately HK$203 million for FY2012, representing loss per share of HK10.44 cents as compared to a loss of approximately HK$172 million for FY2011, representing loss per share of HK8.82 cents.

Liquidity and Financial Resources

As at 31 December 2012, bank and cash balances of the Group were approximately HK$0.68 million (2011: HK$1.12 million), of which nil (2011: HK$0.21 million) were pledged for general banking facilities.

The Group's gearing ratio (measured as total borrowings over total assets) as at 31 December 2012 was 8,956% (2011: 3,077%).

As at 31 December 2012 and 2011, certain of the Group's bank borrowings were secured by the corporate guarantees granted by the Company.

Capital Structure

There was no change in the Company's share capital during the year.

Capital Commitments

The Group and the Company did not have any significant capital commitments at 31 December 2012 and 2011.

Contingent Liabilities

The Group and the Company did not have any significant contingent liabilities as at 31 December 2012 and 2011.

Employees

As at 31 December 2012, the Group had 11 (2011: 88) employees. The total of employee remuneration, including that of the Directors, for the year ended 31 December 2012 amounted to approximately HK$6.02 million (2011: HK$9.55 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Events after the reporting period

Details of the events after the reporting period of the Group are set out in note 17.

Strategies for 2013

The Group will remain focused on its core business of trading and distribution of mobile phones and related accessories.

Additionally, the Group will continue to explore viable and profitable business opportunities to enhance shareholders' value and strengthen its financial foundations.

Dealing in the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 27 November 2009. The Company has submitted a revised resumption proposal to the Stock Exchange on 4 December 2012.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

Shares in the Company

	Number of Shares of HK$0.10 each				
Name of Director	**Personal interests**	**Family interests** *(note (i))*	**Corporate interests** *(note (ii))*	**Total**	**Percentage of issued share capital**
Mr. Ng Kok Hong	596,766,389	9,088,625	–	605,855,014	31.13%
Mr. Ng Kok Tai	–	–	596,766,389	596,766,389	30.67%
Mr. Ng Kok Yang	146,944,889	–	–	146,944,889	7.55%

Notes:

(i) These Shares are held by Ms. Tan Sook Kiang, the spouse of Mr. Ng Kok Hong, and therefore Mr. Ng Kok Hong is deemed by virtue of the SFO to be interested in these Shares.

(ii) These Shares are held by NKT Holdings Sdn. Bhd., a company incorporated in Malaysia, which is owned as to 50% by Mr. Ng Kok Tai and as to 50% by Ms. Siew Ai Lian, the spouse of Mr. Ng Kok Tai. Mr. Ng Kok Tai is deemed by virtue of the SFO to be interested in these Shares.

Shares in an Associated Corporation

	Number of non-voting deferred shares of HK$1.00 each in First Telecom International Limited		
Name of Director	**Personal interests**	**Family interests** *(note)*	**Total**
Mr. Ng Kok Hong	1,239,326	18,878	1,258,204
Mr. Ng Kok Tai	1,239,326	–	1,239,326
Mr. Ng Kok Yang	305,160	–	305,160

Note: These shares are held by Ms. Tan Sook Kiang, the spouse of Mr. Ng Kok Hong, and therefore Mr. Ng Kok Hong is deemed by virtue of the SFO to be interested in these shares.

Save as disclosed above, as at 31 December 2012, none of the Directors, chief executive or their associates had any interests, short positions or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors (including their spouses or children under 18 years of age) or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Chongqing Fuling Water Conservancy and Power Investment Group 重慶市涪陵水利電力投資集團有限責任公司 ("CWCPI")

On 24 November 2012, the Company entered into the term sheet (the "Term Sheet") with CWCPI and the management shareholders of Chongqing Fuling Julong Electric Power Co., Ltd. ("Julong") (the "Julong Management Shareholders") pursuant to which the Company proposed to acquire the entire issued and paid-up share capital of Julong at a consideration of approximately HK$680 million to be satisfied through the issuance of the consideration shares (the "Proposed Acquisition").

The said issue and allotment of the consideration shares have not been completed as at the date of this report, but CWCPI is deemed to be interested in approximately 32.33% of the adjusted issued shares of the Company.

Jinwu Limited

On 27 August 2010, the Company entered into a Subscription Agreement (as amended by the side letters dated 15 September 2010, 23 December 2010, 31 March 2011, 7 July 2011, 2 November 2011 and 30 March 2012 and the supplemental subscription agreement dated 28 September 2010) with Jinwu Limited (the "Investor" or "Jinwu") pursuant to which the Company has conditionally agreed to allot and issue and Jinwu has conditionally agreed to subscribe for 925,714,285 subscription shares at a subscription price of approximately HK$0.175 per subscription share, for a total cash consideration, before expenses, of HK$162 million (the "Subscription").

Jinwu is a special purpose investment company owned as to 50% by each of The ADM Maculus Fund V LP and ADM Galleus Fund II Limited, each being collective investment funds established under the laws of the Cayman Islands and managed or advised by Asia Debt Management Hong Kong Limited. Jinwu will become a substantial shareholder of the Company. Pursuant to the Term Sheet and the Subscription Agreement (as amended and revised on 4 December 2012 to facilitate the transaction contemplated under the Term Sheet), the Investor will subscribe for 1,337,264,151 shares (instead of 925,714,285 shares). The said issue and allotment of the subscription shares have not been completed as at the date of this report, but Jinwu is deemed to be interested in approximately 22.01% of the adjusted issued shares of the Company.

Time Boomer Limited ("Time Boomer")

On 7 July 2011, Time Boomer, a party nominated by the Investor to provide part of the HK$50 million stand-by working capital facility ("Stand-by Facility") pursuant to the terms of the Exclusivity Agreement, entered into a loan agreement with Mobile Distribution Limited ("MDL"), a subsidiary of the Company, pursuant to which:

(i) Time Boomer has agreed to grant a working capital facility of HK$13 million to MDL; and

(ii) the Company has agreed to grant to Time Boomer an option to subscribe for such number of option shares at an exercise price of approximately HK$0.175 per option share with an aggregate exercise price of HK$13 million, at any time during the option period subject to the terms and conditions of the option deed entered into between the Company and Time Boomer dated 7 July 2011. The option period shall commence from the fulfillment of all the conditions precedent to the Subscription Agreement (unless the same is waived by the Investor) to the date of the completion of the Subscription Agreement.

Time Boomer is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Tai Kai Hing ("Mr. Tai"). To the best of the knowledge of the Directors, Mr. Tai is an experienced investor.

Pursuant to the Term Sheet, Time Boomer is deemed to be interested in less than 5% of the adjusted issued shares of the Company.

First Apex Investments Limited ("First Apex")

On 3 February 2012, First Apex, a party nominated by the Investor to provide part of the Stand-by Facility, entered into a loan agreement with MDL, pursuant to which:

(i) First Apex has agreed to grant a working capital facility of HK$20 million to MDL; and

(ii) the Company has agreed to grant to First Apex an option to subscribe for such number of convertible preference shares ("CPS") of the Company at an exercise price of HK$0.175 per CPS, which in turn is convertible into one Adjusted Share of the Company, with an aggregate exercise price of HK$20 million, at any time during the option period subject to the terms and conditions of the option deed entered into between the Company and First Apex dated 3 February 2012. The option period shall commence from the fulfillment of all the conditions precedent to the Subscription Agreement (unless the same is waived by the Investor).

First Apex is a limited liability company incorporated in Hong Kong and is wholly and beneficially owned by Mr. Ben Sharma. Mr. Ben Sharma is a businessman involved in the distribution of major-brand mobile phones and accessories and has over 30 years of experience in this industry.

Pursuant to the Term Sheet, First Apex is deemed to be interested in less than 5% of the adjusted issued shares of the Company.

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares" above, as at 31 December 2012, there were no other persons who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Further to the Term Sheet, on 21 January 2013, the Company had entered into the acquisition agreement with Chongqing Fuling Energy Industry Group Co., Ltd. ("Energy Industry") and the Julong Management Shareholders for the Proposed Acquisition (the "Acquisition Agreement"). The information relating to the Acquisition Agreement as required under the Code on Takeovers and Mergers and the Listing of Securities on the Stock Exchange (the "Listing Rules") will be set out in a joint announcement to be issued by the Company and Energy Industry.

COMPETING INTEREST

None of the Directors or the management shareholders of the Company had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2012, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Code of Conduct") governing securities transactions by its Directors modelled on terms no less exacting than the required standard as set out in Appendix 10 of the Rules Governing the Listing Rules, as amended from time to time.

Having made specific enquiry, all Directors have confirmed compliance with the Code of Conduct throughout the year ended 31 December 2012. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subjected to similar compliance.

AUDIT COMMITTEE

The primary duties of the Audit Committee include the review of financial information, overseeing the financial reporting system and internal control procedures as well as maintaining a working relationship with the external auditors.

The audited financial results and statements of the Company for the year ended 31 December 2012 have not been reviewed by the Audit Committee as there were no independent non-executive directors ("INED") to constitute the Audit Committee.

SCOPE OF WORK OF ANDA CPA LIMITED

The figures above in respect of this annual results announcement for the year ended 31 December 2012 have been agreed by the Company's auditor, ANDA CPA Limited ("ANDA"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by ANDA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ANDA on this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices is modelled after and adopted by reference to the provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) (collectively the "CG Code") as set out by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in Appendix 14 to the Listing Rules.

The Company has complied with all the code provisions as set out in the CG Code throughout the financial year ended 31 December 2012 except for those in relation to the vacancy of the INEDs following the resignations of all three of the Company's INEDs on 2 December 2009. Arrangements will be made to appoint the appropriate number of INED to reconstitute the Board of Directors and the Audit, Nomination and Remuneration Committees as soon as practicable to comply with the CG Code.

By order of the Board
First Mobile Group Holdings Limited
Ng Kok Hong
Executive Chairman

Hong Kong, 21 March 2013

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. Ng Kok Hong, Mr. Ng Kok Tai and Mr. Ng Kok Yang.