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 2015

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 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Revenue	5	**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Other income	6	**25,496**	24
Selling and distribution expenses		**–**	(1)
General and administrative expenses		**(28,499)**	(20,455)
Other operating expenses		**(35)**	(159)
Gain on deconsolidation of a liquidated subsidiary	7	**–**	227,198
Provision for financial guarantee liabilities	16	**(5,269)**	(172,398)
(Loss)/profit from operations		**(8,307)**	34,209
Finance costs	8	**(155,628)**	(151,686)

* *For identification purpose only*

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Loss before tax		**(163,935)**	(117,477)
Income tax	*9*	**–**	–
Loss for the year attributable to owners of the Company	*10*	**(163,935)**	(117,477)
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences reclassified to profit or loss upon deconsolidation of a liquidated subsidiary	*7*	**–**	8,859
Exchange differences on translation of foreign operations		**14,582**	14,850
		14,582	23,709
Total comprehensive loss for the year attributable to owners of the Company		**(149,353)**	(93,768)
Loss per share			
— Basic and diluted (HK cents per share)	*12*	**(8.42)**	(6.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**2015** **HK$'000**	2014 *HK$'000*
Non-current asset			
Property, plant and equipment		**–**	101
Current assets			
Prepayments, deposits and other receivables		**88**	285
Cash and bank balances		**103**	82
		191	367
Current liabilities			
Trade payables	*13*	**417,617**	426,163
Accruals and other payables	*14*	**1,119,255**	944,767
Bank borrowings	*15*	**410,796**	407,392
Current tax liabilities		**1,320**	1,455
Financial guarantee liabilities	*16*	**165,251**	185,386
Convertible loans	*17*	**33,000**	33,000
		2,147,239	1,998,163
Net current liabilities		**(2,147,048)**	(1,997,796)
NET LIABILITIES		**(2,147,048)**	(1,997,695)
Capital and reserves			
Share capital		**194,600**	194,600
Reserves		**(2,340,116)**	(2,190,763)
Equity attributable to owners of the Company		**(2,145,516)**	(1,996,163)
Non-controlling interests		**(1,532)**	(1,532)
TOTAL DEFICITS		**(2,147,048)**	(1,997,695)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 have been suspended from trading since 27 November 2009.

The Company is an investment holding company. The principal activities of the Company's subsidiaries have been scaled down to inactive since 2013.

2. BASIS OF PREPARATION

Suspension of trading in shares of the Company

At the request of the Company, trading in shares of the Company have 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 has not satisfactorily demonstrated sufficiency of operations or assets under Rule 13.24 of the Listing Rules and the Company has been placed in the second stage of delisting procedures commencing 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 20 June 2012.

Subsequently, on 4 December 2012, the Company had submitted another resumption proposal to the Stock Exchange, which involves, inter alia, the Company's proposed acquisition of the entire equity interest in Chongqing Fuling Julong Electric Power Co., Ltd ("Julong") (the "Original Acquisition"). Notwithstanding, the Original Acquisition had been eventually terminated by the Company on 31 March 2014 as certain regulatory issues were identified but yet to be resolved. Given the substantial effort already spent in resolving those regulatory issues regarding the Original Acquisition and the lack of results so far, the Company's directors considered that it was not in the interests of the Company and its shareholders as a whole to continue with the Original Acquisition for the purpose of seeking resumption of trading of the Company's shares.

The Listing Committee had once decided to cancel the listing of the Company's shares on the Stock Exchange under Practice Note 17 of the Listing Rules on 11 April 2014 on the ground that the Company had failed to submit the application by the initial application final deadline. With the requests made by the Company, the Listing (Review) Committee decided to grant a final extension to 31 October 2014 for the Company to submit the revised new application relating to the following proposed restructuring, and not any other proposal.

Proposed restructuring of the Group

To continue with the Resumption Proposal, the Company had identified a new target company and entered into an agreement (the "Acquisition") on 31 March 2014 with Mr. Shie Tak Chung and Mr. Tsoi Kin Sze (the "Vendors"), pursuant to which the Company will acquire the entire issued share capital of China General (HK) Company Limited ("China General", together with its subsidiaries, including 惠安中總房地產開發有限公司，福建省厚德企業管理有限公司，恒德(石獅)投資有限公司，揚州德輝房地產開發有限公司 and 揚州德泰物業服務有限公司 (collectively referred to as the "Target Group") in place of the Original Acquisition and the Company had submitted such Resumption Proposal as a new listing application on 30 October 2014. Upon completion of the reorganisation of the Target Group, the Target Group will hold interest in certain real estate projects in Yangzhou, Jiangsu Province and Quanzhou, Fujian Province in the People's Republic of China (the "PRC").

Pursuant to the Resumption Proposal, the Vendors will become the controlling shareholders holding 70% of the enlarged issued share capital of the Company after the resumption of the Company which will be completing by the end of July 2016. This constitutes a reverse takeover for the Company under Rule 14.06(6) (a) of the Listing Rules on the basis that the Acquisition (i) is a very substantial acquisition for the Company under Chapter 14 of the Listing Rules; and (ii) is regarded as resulting in a change in control of the Company to the Vendors, which fall within the bright line tests of Rule 14.06(6)(a) of the Listing Rules. Accordingly, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. Further details of the Acquisition were described in the Company's circular dated 29 February 2016 (the "Circular").

Pursuant to the Circular, the Company is going to carry out the proposed restructuring (the "Amended Proposed Restructuring") which involves the proposed capital reorganisation and creditors schemes; the proposed open offer; the proposed subscription and the working facility capitalisation; the acquisition; the application for the granting of the whitewash waiver and the disposal of the three companies together with their subsidiaries within the Group. The completion of the Amended 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.

The details of the conditions precedent and the updates on the Amended Proposed Restructuring are further described in the Circular. The Amended 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 the Circular.

(a) *Proposed 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 New 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 New Shares of HK$0.005 each. The New Shares after Capital Reorganisation will be identical and rank pari passu in all respects with each other.

(b) *Creditors Schemes*

The schemes of arrangement entered into between the Company and its creditors (the "Creditors Schemes") have been approved by the creditors at the creditors' meeting held on 21 December 2010 and sanctioned by the High Court on 8 February 2011 and the Grand Court on 28 April 2011, respectively as stated in the announcements of the Company dated 14 February and 6 May 2011. Subject to any approvals/consents in respect of any modification of the Creditors Schemes having being obtained, the Creditors Schemes will become legally binding on the Company and its creditors upon fulfillment of the conditions to be set out in the subscription agreements in relation to the subscription and upon the filing of the orders of the High Court and the Grand Court with the relevant companies registries in Hong Kong and the Cayman Islands respectively.

As part of the Amended Proposed Restructuring, pursuant to the Creditors Schemes, upon effective, all or any claims and against the Company and all the indebtedness of 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 proceeds of approximately HK$198.6 million from the Subscription and the Open Offer); (ii) the transfer of the Scheme Subsidiaries to the Scheme Company or the Scheme Administrators (or their nominees) for the benefit of the Scheme Creditors and, if applicable, creditors of the Scheme Subsidiaries pursuant to the Group Reorganisation; (iii) all or any claims of the Company in respect of transactions or events incurred up to the date on which the Creditors Schemes become effective against any person (including but not limited to the Scheme Subsidiaries) shall be assigned and/or transferred and/or novated (as the case may be) from the Company to the Scheme Company or the Scheme Administrators (or their nominees) for the benefit of the Scheme Creditors upon the Creditors Schemes becoming effective; (iv) any outstanding claims made or to be made by the Scheme Creditors in respect of transactions or events incurred up to the date on which the Creditors Schemes become effective shall be assigned or transferred to the Scheme Company for settlement; (v) all or any claims of the Disposed Group against the Scheme Subsidiaries in respect of transactions or events incurred up to the date on which the Creditors Schemes become effective shall be assigned and/or transferred and/or novated from the Disposed Group to the Scheme Company or the Scheme Administrators (or their nominees) for the benefit of the Scheme Creditors upon the Creditors Schemes becoming effective.

Please refer to the Circular for the details of the Creditors Schemes.

(c) *The Open Offer*

As part of the Amended Proposed Restructuring, the Company will propose to undertake the Open Offer on the basis of two (2) Offer Shares for every one (1) New Share held by the Qualifying Shareholders on the Open Offer Record Date. A total of 389,199,312 Offer Shares will be allotted and issued by the Company to the Qualifying Shareholders and/or the Underwriter at the Open Offer Price of HK$0.13 for each Offer Share.

(d) *The Subscription*

Taking into consideration the Acquisition, the Company has entered into the Amended Subscription Agreement, the Amended TB Option Agreement and the New FA Option Agreement (to supplement or replace the Original Subscription Agreement, the TB Option Agreement and the FA Option Agreement) respectively so that Jinwu Limited will subscribe for 954,694,714 New Shares at a subscription price of HK$0.155 per New Share for a total subscription amount of approximately HK$148 million, together with Time Boomer and First Apex will be entitled to subscribe for 83,870,968 New Shares and 129,032,258 New Shares at total exercise price of HK$13 million and HK$20 million, respectively.

(e) *The Acquisition*

The asset to be acquired under the Acquisition Agreement is the Sale Equity Interest, being the entire equity interest in China General. The entire issued share capital of China General is owned as to 50% by Mr. Shie and 50% by Mr. Tsoi respectively. Upon completion of the Acquisition, the Target Group will become wholly-owned subsidiaries of the Company.

The Consideration is approximately HK$817 million and shall be satisfied by the allotment and issue of the Consideration Shares, i.e. 4,086,592,788 New Shares, at the Consideration Price of HK$0.20 each upon completion of the Acquisition.

The 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.

(f) *The Disposal*

As part of the Amended Proposed Restructuring, the Company will dispose of certain of its subsidiaries to some or all of the Existing Controlling Shareholders or their nominee(s) (the "Purchaser") at a nominal consideration of HK$1 which shall be satisfied in cash upon completion of the Disposal. Subject to the Disposal Agreement, the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the entire issued share capital of the Disposed Companies. The Disposed Companies, together with their subsidiaries (refer to as the "Disposed Group") will be disposed of under the Proposed Restructuring. Upon completion of the Disposal, the Company will no longer be interested in the Disposed Group.

As stated in the Company's announcement dated on 29 February 2016, the Stock Exchange granted a letter dated 26 February 2016 in which confirmed that they have no further comments on the Circular containing all the information relating to, among others, the new listing application and approved in-principle the Company's new listing application (the "Resumption") as described in the Circular. The Stock Exchange will grant a formal and final approval before the trading in the Company's shares commences, on the condition that:

(a) the documentary requirements under Chapters 9 and 19 of the Listing Rules are followed; and

(b) the Stock Exchange are satisfied with the contents of the published version of the Circular.

As the approval is not yet a formal approval of the new listing application of the Company, the conditions stated by the Listing Division are not necessarily exhaustive. The Stock Exchange may impose additional conditions in the formal approval letter of the Stock Exchange if circumstances require. The Resumption is also subject to completion of all the transactions under the Circular.

Going concern basis

The Group incurred a loss attributable to owners of the Company of approximately HK$163,935,000 (2014: HK$117,477,000) for the year ended 31 December 2015 and as at that date, the Group had net current liabilities of approximately HK$2,147,048,000 (2014: HK$1,997,796,000) and net liabilities of approximately HK$2,147,048,000 (2014: HK$1,997,695,000) 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, Jinwu Limited (the "Investor"), the Vendors and any other parties concerned for the Amended 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, including but not limited to, the Amended Proposed Restructuring to settle with the Company's creditors and allow the trading in the shares of the Company being resumed. The Company's directors are of the view that the major procedures of the Amended Proposed Restructuring will eventually be agreed upon by the Company's creditors, the Investor, the Vendors, the Company's shareholders and any other parties concerned, 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.

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 (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. 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 and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new 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

As the Group's operation in trading and distribution of mobile phones and related accessories had been scaled down to inactive since 2013, the Company's directors considered that there were no reportable segment for the two years ended 31 December 2015 and 2014.

5. REVENUE

No transactions were concluded to generate any trading income by the Group during the year.

6. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Exchange gains:		
— Translation of financial guarantee liabilities	**25,404**	–
— Others, net	**2**	–
Gain on disposal of property, plant and equipment	**90**	–
Sundry income	**–**	24
	25,496	24

7. GAIN ON DECONSOLIDATION OF A LIQUIDATED SUBSIDIARY

A winding-up order was issued by the High Court in Malaysia, Shah Alam on 5 February 2014 ordering among other things that First Mobile Group Sdn. Bhd. ("FMGSB"), be wound up and that the official receiver of Malaysia be appointed as liquidator of FMGSB, as a result, the directors and the staff of the Company were not able to access the documents, accounting books and records of FMGSB. The Company's directors have lost the access to the accounting books and records of FMGSB for the calculation of the gain on deconsolidation as at 5 February 2014 as follows:

	2014
	HK$'000
Net liabilities of the subsidiary deconsolidated:	
Prepayment, deposits and other receivables	17
Cash and bank balances	24
Trade and bills payables	(108,330)
Accruals and other payables	(5,047)
Amounts due to the Group	(2,915)
Bank overdrafts	(56,207)
Bank borrowings	(20,566)
Financial guarantee liabilities	(45,948)
Net liabilities of the deconsolidated subsidiary	(238,972)
Impairment of amount due from the deconsolidated subsidiary	2,915
Release of the related foreign currency translation reserves	8,859
Gain on deconsolidation of a liquidated subsidiary	(227,198)

8. FINANCE COSTS

	2015 *HK$'000*	2014 *HK$'000*
Interest expenses on borrowings and payables		
— bank borrowings	**45,877**	46,048
— convertible loans	**5,384**	1,041
— trade payables	**104,367**	104,597
	155,628	151,686

9. INCOME TAX

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 and overseas. Tax on overseas profits had been calculated on the estimated assessable profits for that year at the rates of tax prevailing in the countries in which the Group operates.

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

	2015 *HK$'000*	2014 *HK$'000*
Loss before tax:	**(163,935)**	(117,477)
Calculated at a domestic tax rate of 16.5% (2014: 16.5%)	**(27,049)**	(19,384)
Effect of different tax rates in other countries	**1**	11,672
Income not subject to tax	**(7,893)**	(37,607)
Expenses not deductible for tax purpose	**34,921**	45,297
Tax losses not recognised	**20**	22
	–	–

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK$2,318,563,000 (2014: HK$2,318,544,000) 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 the amounts as set out below.

	2015	2014
	HK$'000	*HK$'000*
Staff costs (including Directors' remuneration):		
— salaries, bonuses and allowances	**1,330**	3,251
— retirement benefits scheme contributions	**33**	78
	1,363	3,329
Auditor's remuneration	**330**	851
Depreciation of property, plant and equipment	**75**	179
Operating leases expenses	**166**	170
Impairment on inventories*	**–**	17
Impairment on property, plant and equipment*	**25**	–
Impairment on prepayments, deposits and other receivables*	**–**	125

* These items were included in other operating expenses.

11. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: 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$163,935,000 (2014: HK$117,477,000) and the weighted average number of 1,945,996,565 (2014: 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.

13. TRADE PAYABLES

At the end of the reporting period, the ageing of all trade payables are over 120 days.

Included in the trade payables at the end of the reporting period, approximately HK$395,350,000 (2014: HK$401,529,000) 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 (2014: HK$344,500,000) and approximately HK$50,850,000 (2014: HK$57,029,000) of which were interest-bearing at approximately 2.5% per month and at approximately 1.95% per annum respectively.

The carrying amounts of the Group's trade payables were denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
USD	**344,511**	344,511
EUR	**49,111**	55,923
RM	**2,010**	2,392
HK$	**11,395**	12,269
INR	**1,262**	1,325
VND	**7,488**	7,780
Others	**1,840**	1,963
	417,617	426,163

14. ACCRUALS AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Interest payables *(note (a))*	**1,006,122**	854,267
Accruals	**64,421**	62,257
Amounts due to a director *(note (b))*	**3,851**	3,668
Amounts due to the Vendors *(note (c))*	**34,654**	11,801
Other payables	**10,207**	12,774
	1,119,255	944,767

Notes:

(a) Included in the interest payables at the end of the reporting period, approximately HK$252,261,000 (2014: HK$212,802,000) of which were secured by certain corporate guarantees granted by the Company to the former largest supplier of the Group and certain banks.

(b) The amounts due to a director are unsecured, non-interest bearing and have no fixed repayment term.

(c) Amounts due to the Vendors represent the professional fees and expenses incurred by the Company in relation to the Amended Proposed Restructuring which are unsecured, non-interest bearing and have no fixed repayment term.

15. BANK BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Bank loans	**399,313**	398,946
Bank overdrafts	**11,483**	8,446
	410,796	407,392

(a) The carrying amounts of the bank borrowings were denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
USD	**192,559**	192,985
HK$	**216,016**	211,585
EUR	**2,221**	2,822
	410,796	407,392

(b) The effective interest rates of the bank borrowings at the end of the reporting period were as follows:

	Bank loans		**Bank overdrafts**	
	2015	2014	**2015**	2014
USD	**5.7%**	5.7%	**–**	–
HK$	**4.3%**	4.3%	**5.9%**	5.9%
EUR	**4.5%**	4.4%	**–**	–

(c) The Group's bank borrowings were secured by certain corporate guarantees granted by the Company.

16. FINANCIAL GUARANTEE LIABILITIES

The Company has given corporate guarantees to certain banks to secure for the general banking facilities of FMGSB, Exquisite Model Sdn. Bhd. ("EM") and Mobile Distribution (M) Sdn. Bhd. ("MDM") totaling approximately HK$5,269,000 (2014: HK$172,398,000). In view that FMGSB, EM and MDM are currently in liquidation, and on ground that the potential claims of these corporate guarantees granted by the Company may be exercised by the relevant banks, the aggregate provision for financial guarantee liabilities of approximately HK$165,251,000 (2014: HK$185,386,000) have been made against the potential uncovered exposures to be borne by the Company under such guarantees.

17. 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 Agreements, entered into the Loan Agreements (the "TB Loan") and Option Agreements (the "TB Option") with Mobile Distribution Limited ("MDL"), a wholly-owned subsidiary of the Company. Pursuant to a supplemental deed with Time Boomer to amend the terms of the TB Option such that Time Boomer shall now be entitled to subscribe for 83,870,968 New Shares at a total exercise price of HK$13 million, or HK$0.155 per New Share, upon fulfillment of certain conditions precedent as described in the Announcement.

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 8.6% per annum to the liability component.

The TB 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 Company's announcement dated 14 July 2011.

(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 Agreements, entered into the Loan Agreements (the "FA Loan") and Option Agreements (the "FA Option") with MDL. Pursuant to a termination deed with First Apex terminating the FA Option and a new option deed with First Apex pursuant to which the Company will now grant to First Apex an option to subscribe for 129,032,258 New Shares at a total exercise price of HK$20 million or approximately HK$0.155 per New Share, upon fulfillment of certain conditions precedent as described in the Announcement.

The FA Loan does not bear any interest.

The interest charged for the year is calculated by applying an effective interest rate of 0% per annum to the liability component.

The FA 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 Company's announcement dated 14 February 2012.

As further disclosed in the Company's announcements dated 12 May 2015, the repayment date of the TB Loan and the FA Loan has extended to 31 March 2016.

(c) The liability components of the TB Loan and FA Loan at the end of the reporting period is analysed as follows:

	Convertible Loans — Group		
	Time Boomer	**First Apex**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Liability components at 1 January 2014	13,000	20,000	33,000
Interest charged	1,041	–	1,041
Interest paid	(257)	–	(257)
Interest included in accruals and other payables	(784)	–	(784)
Liability components at 31 December 2014 and 1 January 2015	13,000	20,000	33,000
Interest charged	5,384	–	5,384
Interest included in accruals and other payables	(5,384)	–	(5,384)
Liability components at 31 December 2015	13,000	20,000	33,000

The Directors estimate the fair value of the liability component of the convertible loans at 31 December 2015 to be approximately HK$33,000,000 (2014: HK$33,755,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

18. EVENTS AFTER THE REPORTING PERIOD

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

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Basis for disclaimer of opinion

1. *Opening balances and corresponding figures*

   Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014 (the "2014 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, and details of which are set out in our audit report dated 26 February 2016. Accordingly, we were then unable to form an opinion as to whether the 2014 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 December 2014 and of the Group's results and cash flows for the year then ended.

2. *Financial guarantee liabilities*

   As explained in the 2014 Financial Statements, certain general banking facilities of a liquidated subsidiary, First Mobile Group Sdn. Bhd. ("FMGSB") were secured by corporate guarantees given by the Company and FMGSB has also given corporate guarantees to secure certain general banking facilities for its liquidated subsidiaries. However, the Directors and the staff of the Company were no longer able to access the documents, accounting books and records of FMGSB since the financial year ended 31 December 2013 and accordingly, no sufficient financial information is available for us to carry out audit procedures to satisfy ourselves as to whether the financial guarantee liabilities of approximately HK$165,251,000 as at 31 December 2015 as presented in the consolidated statement of financial position has been fairly stated.

   We are also unable to carry out audit procedures to satisfy ourselves as to whether the movement of financial guarantee liabilities of approximately HK$5,269,000 and the exchange gain on translation of financial guarantee liabilities of approximately HK$25,404,000 as recorded in consolidated profit or loss of the Group for the year ended 31 December 2015 have been fairly stated.

3. *Inherent restructuring uncertainties*

   As explained in the 2014 Financial Statements and further details described in note 2 to the consolidated financial statements, the Group has been actively undergoing the restructuring exercise, including but not limited to creditors schemes and reverse takeover involving a new listing application, up to the date of the approval of these consolidated financial statements.

Given the background that (i) the Group has only maintained inactive business and operating activities since 2013 and (ii) the creditors, investor, lenders, vendors and any other parties concerned for the proposed restructuring (the "Amended Proposed Restructuring") as detailed in the circular dated 29 February 2016 have been actively procuring the arrangement of compromising the restructuring debts in accordance with the execution and completion of a series of restructuring procedures under the ongoing Amended Proposed Restructuring, the Directors considered that they have inherent difficulties to update and ascertain the appropriateness of certain amounts of the consolidated expenses as recorded in the consolidated statement of profit or loss and other comprehensive income and certain carrying amounts of liabilities as reflected in the consolidated statement of financial position apart from those limitations already stated in points 1 and 2 above (the aforesaid restructuring indebtedness of the restructuring group and the Company shall be released upon the completion of the Amended Proposed Restructuring). In this regard, we are unable to satisfy ourselves as to the uncertainty on the accounting treatment of the Company's control over certain subsidiaries of the Group in accordance with Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" and the consequential appropriateness of the consolidation of these subsidiaries under the ongoing Amended Proposed Restructuring and accordingly, we are unable to carry out the corresponding satisfactory auditing procedures to assess the measurement, valuation, accuracy and completeness of the following items included in the consolidated financial statements.

	For the year ended 31 December 2015 *HK$'000*
Consolidated income and expenses:	
General and administrative expenses	186
Other operating expenses	23
Finance costs	150,244
	150,453

	As at 31 December 2015 *HK$'000*
Consolidated liabilities:	
Trade payables	417,617
Accruals and other payables	1,021,228
Bank borrowings	150,708
Current tax liabilities	1,320
	1,590,873

We are also not able to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities of the Group as at 31 December 2015.

Any adjustments to the figures as described from points 1 to 3 above might have a significant consequential effect on the Group's financial performance and cash flows for the two years ended 31 December 2015 and 2014, the financial position of the Group as at 31 December 2015 and 2014, and the related disclosures thereof in the consolidated financial statements.

Material uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that a proposal for resumption of trading in the Company's shares and the restructuring of the Group has been submitted to The Stock Exchange of Hong Kong Limited to pursue a restructuring of the Company. 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 matters described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to the going concern basis as described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, 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

Financial Review

The Group recorded an other income of approximately HK$25.5 million for FY2015, as compared to HK$24,000 for FY2014 mainly due to exchange gains on financial guarantee liabilities.

The Group's general and administrative expenses increased by approximately HK$8.0 million as compared to FY2014 mainly due to the legal and professional fees incurred under the current restructuring/new listing application exercise during the year.

The Group's provision for financial guarantee liabilities decreased by approximately 96.9% from approximately HK$172.4 million for FY2014 to approximately HK$5.3 million for FY2015 mainly due to the provision for potential claims (comprising principal and interest) during FY2014 under the corporate guarantee granted to a wholly-owned subsidiary which was deconsolidated from the Group's consolidated financial statements with effect from 5 February 2014.

Finance cost increased by approximately HK$3.9 million compared to FY2014 mainly due to default interest charged on convertible loan.

The loss attributable to owners of the Company was approximately HK$163.9 million for FY2015, representing loss per share of HK8.42 cents as compared to a loss of approximately HK$117.5 million for FY2014, representing loss per share of HK6.04 cents.

Segment Information

The Group has no revenue generated for FY2015.

Liquidity and Financial Resources

As at 31 December 2015, cash and bank balances of the Group were approximately HK$103,000 (2014: HK$82,000).

The Group's gearing ratio (measured as total borrowings over total assets) as at 31 December 2015 was 318,873% (2014: 133,713%).

As at 31 December 2015, certain of the Group's bank borrowings were secured by the corporate guarantees granted by the Company (as at 31 December 2014: secured by the corporate guarantees granted by the Company).

Assets and Liabilities

As at 31 December 2015, the Group had total assets of approximately HK$191,000 (2014: HK$468,000), total liabilities of HK$2,147 million (2014: HK$1,998 million). The net liabilities of the Group as at 31 December 2015 were HK$2,147 million (2014: HK$1,998 million).

Significant Investments and Acquisition

The Group did not have any significant investment nor did it make any material acquisition or disposal of subsidiaries and associates throughout the year ended 31 December 2015.

Charges on Group Assets

The Group had no other charge as at 31 December 2015 and 2014 except for the charge by Time Boomer and First Apex. Details are set out in note 17 to the consolidated financial statements.

Reserves

As at 31 December 2015, the Company did not have any reserves available for distribution.

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 as at 31 December 2015 and 2014.

Contingent Liabilities

The Group and the Company did not have any significant contingent liabilities as at 31 December 2015 and 2014.

Employees

As at 31 December 2015, the Group had 6 (2014: 8) employees. The total of employee remuneration, including that of the Directors, for the year ended 31 December 2015 amounted to approximately HK$1.4 million (2014: HK$3.3 million) of which approximately HK$0.3 million represents the Director's remuneration. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

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 2015, 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 of Securities on The Stock Exchange of Hong Kong Limited ("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 2015.

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 2015 have not been reviewed by the Audit Committee as there were no independent non-executive directors ("INED") to constitute the Audit Committee.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in Appendix 14 of the Listing Rules — Corporate Governance Code and Corporate Governance Report (the "CG Code") throughout the financial year ended 31 December 2015 in the CG Code except for those in relation to the vacancy of the (i) independent non-executive directors ("INED"); and (ii) company secretary, following the resignations of all three of the Company's INED and the company secretary on 2 December 2009 and 9 April 2014 respectively. Arrangements will be made to appoint the company secretary and an appropriate number of INEDs 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, 31 March 2016

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.