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*This announcement, for which the directors of First Mobile Group Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to First Mobile Group Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



**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: 8110)**

**CONNECTED TRANSACTION**

**SUMMARY**

On 29th September, 2005, Vendor and Purchaser entered into a sale and purchase agreement wherein Vendor has agreed to sell and Purchaser has agreed to purchase the Vendor’s 70% equity interest in CTGH for a total consideration of US\$300,000 (approximately HK\$2.3 million).

Purchaser is a substantial shareholder of CTGH which is an indirect subsidiary of the Company. Mr. Frank CD Huang, a director of CTGH, is also a director and substantial shareholder of Purchaser. The Agreement and the transaction therein constitute a connected transaction pursuant to Chapter 20 of the GEM Listing Rules and accordingly is subject to the disclosure requirements of Rule 20.32 of the GEM Listing Rules.

\* For identification purpose only

## **THE AGREEMENT**

The salient terms of the Agreement are set out below.

### **Date**

29th September, 2005

### **Parties**

First E-Pro Limited (“Vendor”)

China Huge International Limited (“Purchaser”)

Frank CD Huang (“Guarantor”)

### **Disposal Subsequent To Reorganisation**

CTGH is a holding company held by Vendor, Purchaser and Magic Technology in the proportion 70%, 26% and 4% respectively. Prior to entering into the Agreement, CTGH holds a 100% equity interest in CTAU, CTCA, CFR, CTHK, CTNZ, CTUK and CTUS and a 60% equity interest in CTMY.

Pursuant to the Agreement, the parties have agreed to reorganise the existing CTGH group of companies, the result of which is the creation of a newly incorporated holding company, CTI which is held by Vendor, Purchaser and Magic Technology in proportions identical to their existing shareholding in CTGH. CTI will then hold a 100% equity interest in CTAU, CTNZ and a 60% equity interest in CTMY. CTGH, after the reorganisation, will continue to hold a 100% equity interest in CTCA, CFR, CTHK, CTUK and CTUS.

Upon completion of the reorganisation, Vendor will sell and Purchaser will purchase the Sale Shares.

### **Consideration**

The aggregate consideration of US\$300,000 (approximately HK\$2.3 million) for the Sale Shares shall be payable in cash or in kind in the form of Voice-over-IP telephony equipment to the value and condition acceptable to Vendor within six months from completion of the Agreement.

The consideration was determined after arm’s length negotiations between Vendor and Purchaser, taking into account the continued poor financial performance and unaudited consolidated net liability position of Disposed Subsidiaries of approximately HK\$4.7 million as of 31st July, 2005. The proceeds from the disposal, after deducting related expenses, is intended to be used as general working capital of the Company.

### **Completion**

Completion shall take place on the third Business Day after the later of the completion of the reorganisation and regulatory approvals, if any. Upon completion, Disposed Subsidiaries will cease to be subsidiaries of the Company. Vendor, through its 70% equity interest in CTI, will continue to retain its existing equity interests in CTAU, CTNZ and CTMY.

## INFORMATION ON CTGH

CTGH is principally the holding company of the CT subsidiaries. CT subsidiaries, except for CTMY which is dormant, are engaged in the provision of inter-city/international telecommunication services using Voice-over-IP technology.

Set out below are the unaudited consolidated loss before tax, loss after tax and net assets of Disposed Subsidiaries for the two years ended 31st December, 2003 and 2004 respectively.

	<b>31st December, 2004 HK\$</b>	<b>31st December, 2003 HK\$</b>
Consolidated loss before taxation	(14,472,887)	(2,469,359)
Consolidated loss after taxation	(15,869,828)	(2,609,581)
Consolidated net assets	5,214,277	21,978,479

## RATIONALE AND EFFECTS OF THE DISPOSAL

The Group is principally engaged in the trading, distribution and retailing of mobile phones. The Purchaser is an investment holding company.

The Directors, including the independent non-executive Directors, consider that the reorganisation of the CT Subsidiaries as described earlier and subsequent divestment of the Disposed Subsidiaries provides an opportunity for the Group to dispose those Voice-over-IP business units that are either performing poorly or have ceased operations while retaining the Group's existing equity interest in the profitable and promising business units.

The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are fair and reasonable and are in the interests of the Group and its shareholders as a whole.

Based on the consideration of US\$300,000 (approximately HK\$2.3 million) and the unaudited consolidated net liabilities of Disposed Subsidiaries as at 31st July, 2005 of approximately HK\$4.7 million, the Group expects to record a (unaudited) gain of approximately HK\$3.7 million from the disposal of the Sale Shares.

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meaning set out below:

“Agreement”	the sale and purchase agreement dated 29th September, 2005 entered into between Vendor and Purchaser in relation to the disposal of Sale Shares
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong

“CTGH”	Chi Tel Global Holdings Limited, a company incorporated in British Virgin Islands with limited liability
“Company”	First Mobile Group Holdings Limited, a company incorporated in Cayman Islands with limited liability and is listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“CTCA”	Chi Tel Canada Ltd., a company incorporated in Canada with limited liability
“CTFR”	Chi Tel France SARL, a company incorporated in France with limited liability
“CTI”	Chi Tel Investments Limited, a company incorporated in British Virgin Islands with limited liability
“CTHK”	Chi Tel Limited, a company incorporated in Hong Kong with limited liability
“CTMY”	Chi Tel Malaysia Sdn. Bhd., a company incorporated in Malaysia with limited liability, and is presently dormant
“CTNZ”	Chi Tel NZ Limited, a company incorporated in New Zealand with limited liability
“CTAU”	Chi Telecom Pty Ltd., a company incorporated in Australia with limited liability
“CTUK”	Chi-Tel UK Limited, a company incorporated in the United Kingdom with limited liability
“CTUS”	Chi Tel USA Corp., a company incorporated in the United States with limited liability
“CT Subsidiaries”	CTCA, CTFR, CTHK, CTNZ, CTAU, CTUK, CTUS and CTMY
“Directors”	the directors of the Company
“Disposed Subsidiaries”	CTGH, CTCA, CTFR, CTHK, CTUK and CTUS
“Group”	the Company and its subsidiaries
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“Magic Technology”	Magic Technology Limited, a company incorporated in the British Virgin Islands with limited liability
“Purchaser”	China Huge International Limited, a company incorporated in Hong Kong with limited liability

“Sale Shares”	140 ordinary shares of US\$1.00 each in CTGH, representing 70% of the issued and paid-up share capital of CTGH
“Shareholders”	holders of shares of the Company
“Substantial shareholder”	has the meaning ascribed to that term under the GEM Listing Rules
“Vendor”	First E-Pro Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company

*For the purpose of this announcement, translations of US\$ into HK\$ are made for illustration purposes only at the exchange rate of US\$1.00 to HK\$7.80.*

By Order of the Board  
**Ng Kok Hong**  
*Executive Chairman*

Hong Kong, 29th September, 2005

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Ng Kok Hong (*Executive Chairman*)  
Ng Kok Tai (*Executive Deputy Chairman*)  
Ng Kok Yang

*Independent Non-executive Directors:*

See Tak Wah  
Wu Wai Chung Michael  
Wong Tin Sang Patrick

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at [www.firstmobile.com](http://www.firstmobile.com).*