

THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in First Mobile Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of First Mobile Group Holdings Limited 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 circular 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 circular misleading; and (3) all opinions expressed in this circular 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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 19.9% EQUITY INTEREST IN
ACE RIVER INVESTMENTS LIMITED

A letter from the board of directors of First Mobile Group Holdings Limited is set out on pages 3 to 7 of this circular.

This circular will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

* For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“GEM”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Ace River”	Ace River Investments Limited is a company incorporated in British Virgin Islands with limited liability on 1st September, 2005;
“AWG”	Advanced Wireless Group Limited, a company incorporated in Hong Kong with limited liability on 22nd October, 2001 and is a 100% owned subsidiary of Ace River;
“Board”	the board of directors of the Company;
“Central Lead”	Central Lead Investments Limited, a company incorporated in British Virgin Islands with limited liability, which holds 100% equity interest in Ace River as at the Subscription Date;
“Company”	First Mobile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and is listed on the Growth Enterprise Market of the Stock Exchange;
“Directors”	the directors of the Company;
“FTI”	First Telecom International Limited, a company incorporated in Hong Kong with limited liability, which is 100% indirectly owned by the Company and which holds 100% of the equity interest in Noble Stand;
“GEM Listing Rules”	the Rules governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	1st November, 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein;

DEFINITIONS

“Noble Stand”	Noble Stand Holdings Limited, a company incorporated in British Virgin Islands with limited liability, which will hold 19.9% of equity interest in Ace River, which in turn will hold 100% of equity interest in AWG;
“SFO”	the Securities and Futures Ordinance;
“Shareholders”	shareholders of the Company;
“Share Subscription Agreement”	the agreement entered into between FTI, Ace River and AWG on the Subscription Date to subscribe to the Subscription Shares at a consideration of HK\$63 million;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Date”	the date on which the Share Subscription Agreement was signed, i.e. 14th October, 2005;
“Subscription Shares”	19,900 new ordinary shares of Ace River, of US\$1.00 each to be issued to Noble Stand under the Share Subscription Agreement;
“US\$”	United States Dollars, the lawful currency of the United States of America; and
“%”	per cent.

In this circular, translation of US\$ into HK\$ is made for illustration purpose only, at the exchange rate of US\$1.00 to HK\$7.80.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ng Kok Hong

Mr. Ng Kok Tai

Mr. Ng Kok Yang

Independent Non-executive Directors:

Mr. See Tak Wah

Mr. Wu Wai Chung Michael

Mr. Wong Tin Sang Patrick

Registered Address:

Ugland House

South Church Street

P.O. Box 309

George Town

Grand Cayman

Cayman Islands

*Head Office and Principal Place
of Business:*

Suite 1919-1923

19th Floor

Grandtech Centre

8 On Ping Street

Shatin

New Territories

Hong Kong

4th November, 2005

To the Shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF 19.9% EQUITY INTEREST IN ACE RIVER INVESTMENTS LIMITED

INTRODUCTION

On 14th October, 2005, the Company entered into a Share Subscription Agreement with Ace River, pursuant to which Noble Stand will subscribe for 19.9% equity interest in Ace River. Ace River is an investment holding company which holds 100% equity interest in AWG.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information regarding the transaction and the terms of the Share Subscription Agreement.

BACKGROUND

Ace River is an investment holding company incorporated in British Virgin Islands. Its principal investment is its 100% equity interest in AWG, an original design and manufacturer of communication equipment and devices. Ace River is conducting a capital-raising exercise to expand and it has in principle secured US\$8 million from an international private equity fund. Ace River has invited the Group to participate in its exercise as a strategic investor and on 14th October, 2005, the Group entered into a subscription agreement to invest HK\$63 million (approximately US\$8 million) in Ace River.

INFORMATION ON THE COMPANY

The Group is principally engaged in distribution and trading of mobile phones and related accessories in the Asia Pacific region through its distribution network in Hong Kong, mainland China, Malaysia, the Philippines, Taiwan, Macau, Indonesia and Singapore.

INFORMATION ON ACE RIVER

Ace River is an investment holding company incorporated in British Virgin Islands. Its principal investment is its 100% holding of AWG. The company has an authorised capital of US\$100,000.00 comprising 100,000 ordinary shares of US\$1.00 each, of which 61,350 shares have been issued and fully paid. Ace River is currently 100% owned by Central Lead which in turn is beneficially owned by Mr. Lai Soon Peng. Ace River was incorporated on 1st September, 2005 and is not required to prepare its audited financial statements as yet.

INFORMATION ON AWG

AWG is a Hong Kong registered company incorporated on 22nd October, 2001. It is principally engaged in the design, development, manufacture and distribution of communication equipment and devices. AWG has its head office in Hong Kong.

AWG employs approximately 560 employees staffing its China factory, research and development centres in South Korea, China and Hong Kong as well as its marketing, operations, finance and administration departments.

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AWG's manufacturing operation is located in Shenzhen, China and has a production facility of 1,820 square metres. Its design, research and development centres are located in South Korea, Hong Kong and China where over 60 engineers of various nationalities provide hardware, software, industrial design and mechanical engineering support. AWG has obtained an ISO certificate of Quality Management System (BS EN ISO 9001:2000).

Set out below are the audited consolidated loss before tax, loss after tax and net liabilities of AWG for the two years ended 31st December, 2003 and 2004 respectively.

	31st December, 2004	31st December, 2003
	<i>HK\$</i>	<i>HK\$</i>
Consolidated loss before taxation	(28,668,424)	(36,501,428)
Consolidated loss after taxation	(28,668,424)	(36,501,428)
Consolidated net liabilities	(48,856,236)	(23,117,830)

THE SHARE SUBSCRIPTION AGREEMENT

The Share Subscription Agreement was approved by the Directors at the board meeting on 13th October, 2005 and signed by FTI, AWG and Ace River on 14th October, 2005 and was completed on 20th October, 2005.

Subscription Date:	14th October, 2005	
Parties:	Offeror:	Ace River
	Subscriber:	FTI
	Offeror's subsidiary and Subscriber's debtor:	AWG
Interest to be acquired:	19.9% equity interest in Ace River, and consequently an indirect equity interest of 19.9% in AWG	
Consideration:	The Consideration for the Subscription Shares is HK\$63 million (the "Consideration").	

The Consideration is based on a willing buyer, willing seller basis and after taking into consideration the potential growth and profitability of AWG, as further explained below.

LETTER FROM THE BOARD

- Payment:** Pursuant to the Share Subscription Agreement, the Consideration for the Subscription Shares will be by way of assignment of AWG's outstanding debt of HK\$30 million and inventory at book value of HK\$33 million in FTI to Ace River (the "Payment").
- Assignment:** FTI intends to assign its shares of Ace River to Noble Stand, a 100% subsidiary of FTI whose principal business is investment holding.
- Completion Date:** Completion shall take place on 20th October, 2005 or such later date as may be agreed in writing between the parties to the Share Subscription Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company has built a large distribution network in the Asia Pacific region. It is continually searching for new products to tap on its network. As a research and product development company, AWG provides an opportunity for the Company to get priority access and attractive pricing into new products developed by AWG, allowing the Company to reap higher profit margins. Similarly, the Company believes that its distribution network will be able to assist AWG in its growth and market penetration.

AWG has grown significantly over the last two years. Its revenue has increased from HK\$73.6 million in its financial year ended 2003 to HK\$239.8 million in its financial year ended 2004; i.e. a growth of 226% year on year. It has also secured sales order totaling in excess of HK\$500 million as at September 2005. As a start-up, AWG had invested heavily in research and development over the last few years. While the company was not profitable in financial year ended 2004, it is expected to be profitable for the period 1 July 2005 to 30 June 2006. The Company envisage that AWG's fast growth will lead to potential profits in AWG, and would like to benefit from its potential capital appreciation. The Consideration represents a price to sales ratio of 1.3 times of AWG's last year's revenue of HK\$239.8 million. Price to sales ratio is a basis for valuing companies with no earnings track record, start-up or high-growth companies. As AWG is a start-up business where research and development expenditure is heavy and early-year losses were incurred, the use of an earnings based valuation is less appropriate.

The Company's Payment for the Consideration for the Share Subscription Agreement will not significantly affect the immediate cashflow of the Company as it is paid by HK\$33 million of inventory and HK\$30 million in receivables. The Company is confident that it can fund the investment from internal resources.

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The investment is not expected to affect the Company's cashflow, profit and net assets for the current financial year.

The Directors consider that the terms of the Share Subscription Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the percentage ratios for the consideration test under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements set out in that chapter applicable to discloseable transactions.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, AWG, its shareholders and their respective ultimate beneficial owners are third parties independent of, and are not connected persons of, the Company as at the date of this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the Appendix of this circular setting out the general information of the Company.

Yours faithfully,
For and on behalf of the Board of
First Mobile Group Holdings Limited
Ng Kok Hong
Executive Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors and the chief executive of the Company

Save as disclosed below, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of the Company are deemed or taken to have under such provisions of the SFO) or which are required to be and are recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules.

(a) Shares in the Company

Name of Director	No. of shares of HK\$0.10 each			Total	Percentage of issued share capital
	Personal interests	Family interests (note (i))	Corporate interests (note (ii))		
Mr. Ng Kok Hong	596,766,389	9,088,625	–	605,855,014	31.14%
Mr. Ng Kok Tai	–	–	596,766,389	596,766,389	30.67%
Mr. Ng Kok Yang	146,944,889	–	–	146,944,889	7.55%
Mr. Wu Wai Chung Michael	2,003,500	–	–	2,003,500	0.10%

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.

(b) *Shares in an associated corporation*

Name of Director	Number of non-voting deferred shares of HK\$1.00 each in First Telecom International Limited		
	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.

(c) *Options to subscribe for shares in the Company*

Name of Director	Number of underlying shares under the Pre-Listing Share Option Plan		
	Personal Interests	Family Interests (note)	Total
Mr. Ng Kok Hong	21,262,500	–	21,262,500
Mr. Ng Kok Tai	18,900,000	393,750	19,293,750
Mr. Ng Kok Yang	19,293,750	–	19,293,750

Notes:

The option to subscribe for shares in the Company was granted to 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 this option.

These options were granted on 15th December, 2000 under the Pre-Listing Share Option Plan and are exercisable at HK\$0.82 per share. The final expiry date for these outstanding share options is 30th June, 2006. None of the above Pre-Listing share options had been exercised as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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 herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which was significant in relation to the business of the Group.

Save as disclosed herein, none of the Directors has or has had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31st December, 2004 (being the date to which the latest published audited accounts of the Company were made up).

(B) Substantial Shareholders' Interests

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, other than the interests of the Directors or chief executive of the Company as disclosed above, none of the Directors or the chief executive of the Company is aware of any other interests or short positions in the shares and underlying shares of the Company of any persons which would fall to be disclosed under the provisions of Divisions 2 and 3 or Part XV of the SFO.

(C) Other Person's Interests

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following person (not being a Director or chief executive of the Company) was, directly or indirectly, interested in 10% or more the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name of member of the Group	Name of person interested in 10% or more of the issued share capital of the member of the Group	Percentage shareholding in the issued share capital of the member of the Group
Chi Tel Global Holdings Limited	China Huge International Limited	26%
Chi Tel Investments Limited	China Huge International Limited	26%
Chi Tel Malaysia Sdn. Bhd.	Yap Lai Sim	40%

3. SERVICE CONTRACTS

Save as disclosed in the Company's latest Annual Report, the Company has not signed any new service contract with any Director and none of the Directors has any existing or proposed service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business (as defined in Rule 11.04 of the GEM Listing Rules) which compete or may compete with the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2004, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Company or its subsidiaries.

7. GENERAL

- (a) The compliance officer of the Company is Mr. Ng Kok Hong.
- (b) The secretary and qualified accountant of the Company is Mr. Dyland Mah Kwong Chee. He is a fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.