

**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 advisor.

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 AND CONNECTED TRANSACTION**

**DISPOSAL OF 70% EQUITY INTEREST IN**  
**CHI TEL INVESTMENTS LIMITED**

A letter from the board of directors of First Mobile Group Holdings Limited is set out on pages 3 to 6 of this circular.

This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

## **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 at [www.hkgem.com](http://www.hkgem.com) 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 terms have the following meanings:*

“Agreement”	the sale and purchase agreement dated 3rd July, 2006 entered into between Vendor and Purchaser in relation to the disposal of Sale Shares;
“Board”	the board of directors of the Company;
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong;
“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;
“CTAU”	Chi Telecom Pty. Ltd., a company incorporated in Australia with limited liability;
“CTI”	Chi Tel Investments Limited, a company incorporated in the British Virgin Islands 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;
“CT Subsidiaries”	CTAU, CTNZ and CTMY;
“Directors”	the directors of the Company;
“Disposed Subsidiaries”	CTI, CTAU, CTNZ and CTMY;
“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;

## DEFINITIONS

“Latest Practicable Date”	19th July, 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein;
“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”	624,575 ordinary shares of US\$1.00 each in CTI, representing 70% of the issued and paid-up share capital of CTI;
“SFO”	the Securities and Futures Ordinance;
“Shareholders”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	has the meaning ascribed to that term under the GEM Listing Rules;
“US\$”	United States Dollars, the lawful currency of the United States of America;
“Vendor”	First E-Pro Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

## 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 Office:*

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

21st July, 2006

*To the Shareholders of the Company*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **DISPOSAL OF 70% EQUITY INTEREST IN CHI TEL INVESTMENTS LIMITED**

#### **INTRODUCTION**

On 3rd July, 2006, the Company through its indirect wholly-owned subsidiary, First E-Pro Limited as Vendor, entered into the Agreement with China Huge International Limited as Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Vendor's 70% equity interest in CTI at a consideration of HK\$1.

\* 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 Agreement.

### BACKGROUND

CTI is a holding company held by Vendor, Purchaser and Magic Technology in the proportion 70%, 26% and 4% respectively. CTI holds a 100% equity interest in CTAU and CTNZ, and a 60% equity interest in CTMY.

Pursuant to the Agreement, Vendor will sell and Purchaser will purchase the Sale Shares.

### THE AGREEMENT

<b>Date:</b>	3rd July, 2006
<b>Parties:</b>	Vendor: First E-Pro Limited
	Purchaser: China Huge International Limited
	Guarantor: Frank CD Huang
<b>Interest to be disposed:</b>	70% equity interest in CTI
<b>Consideration:</b>	The consideration of HK\$1 for the Sale Shares is paid in cash upon completion of the transaction.
	The consideration was arrived at on a willing buyer willing seller basis, taking into account the various factors as further explained in the section "Rationale and Effects of the Disposal" below.
<b>Completion:</b>	Completion shall take place on the third Business Day after the execution of the Agreement.

### INFORMATION ON THE COMPANY

The Group is principally engaged in the trading, distribution and retailing of mobile phones.

### INFORMATION ON THE PURCHASER

The purchaser is an investment holding company.

## LETTER FROM THE BOARD

### INFORMATION ON CTI

CTI is principally the holding company of 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 proforma/unaudited consolidated profit/(loss) before taxation, profit/(loss) after taxation and net assets/(liabilities) of Disposed Subsidiaries for the two years ended 31st December, 2004 and 2005 respectively.

	<b>31st December,</b> <b>2005</b> <i>HK\$</i>	<b>31st December,</b> <b>2004</b> <i>HK\$</i>
Consolidated profit/(loss) before taxation	6,705,000	(6,104,000)
Consolidated profit/(loss) after taxation	9,003,000	(9,891,000)
Consolidated net assets/(liabilities)	1,030,000	(3,607,000)

### RATIONALE AND EFFECTS OF THE DISPOSAL

Market conditions in the Voice-over-IP markets in which the Disposed Subsidiaries operate have proven to be increasingly challenging. The consolidated loss before taxation incurred by the Disposed Subsidiaries for the four months ended 30th April, 2006 is approximately HK\$0.5 million. Recent developments in the market, including the entry of national fixed line carrier into the Voice-over-IP segment and higher termination charges by suppliers, have all contributed to a much tougher market condition than before, resulting in further intense competition and eroding profit margin.

Since the Company's earlier disposal as announced on 29th September, 2005, the Group had further advanced HK\$1.8 million to the Disposed Subsidiaries for working capital purposes. The Board believes that the Disposed Subsidiaries would continue to need significant cash investment, which the Board is unwilling to do as it views the business as lacking prospects and no longer viable. In view of this, the Board therefore made the decision to dispose the Sale Shares to the Purchaser for a nominal consideration. As at the time of disposal, the Disposed Subsidiaries had total outstanding liabilities of approximately HK\$9.6 million.

The Group will no longer be responsible for any costs, claims, actions and liabilities in relation to the Disposed Subsidiaries from the date of the Agreement. As a result of this disposal, the Group would cease to have any interest in the Chi Tel group of companies and would mark the Group's exit from the Voice-over-IP business. This disposal is in line with the Group's ongoing restructuring strategy to address non-profitable business units within the Group and to return the Group to its core strength and competencies.



## LETTER FROM THE BOARD

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. Following the disposal, the Company does not hold any interest in the Chi Tel group of companies and they cease to be subsidiaries of the Group.

Based on the consideration of HK\$1 and the unaudited consolidated net assets of Disposed Subsidiaries as at 30th April, 2006 of approximately HK\$0.4 million, the Group expects to record an (unaudited) loss of approximately HK\$10.4 million from the disposal of the Sale Shares, principally composed of the write off of advances to Disposed Subsidiaries of HK\$2.7 million and goodwill of HK\$7.8 million.

### GEM LISTING RULES IMPLICATIONS

Since the percentage ratio for the profit test under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the transaction as contemplated by the Agreement constitutes a discloseable transaction pursuant to Chapter 19 of the GEM Listing Rules and accordingly is subject to the disclosure requirements of Rule 19.06(2) of the GEM Listing Rules but does not require Shareholders' approval.

Purchaser is a Substantial Shareholder of CTI which is an indirect subsidiary of the Company. Mr. Frank CD Huang, a director of CTI, 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.

### 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 chief executive of the Company are taken or deemed 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

#### (a) Shares in the Company

Name of Director	Number 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 <i>(note)</i>	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 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.

**(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 the chief executive of the Company as disclosed above, none of the Directors or chief executive of the Company is aware of any other persons who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 or Part XV of the SFO or which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

**3. DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors has entered into a service agreement with the Company under which they act as executive Directors for an initial term of three years commencing from 1st January, 2001 and shall continue thereafter until terminated by either party giving to the other not less than six months' notice in writing.

Each of the independent non-executive Directors has been appointed for a specific term and subject to retirement by rotation in accordance with the articles of association of the Company.

Save as disclosed herein, as at the Latest Practicable Date, 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 INTERESTS

As at the Latest Practicable Date, none of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates 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. 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.

#### 6. GENERAL

- (a) The compliance officer of the Company is Mr. Ng Kok Hong. Mr. Ng is the Executive Chairman of the Company and is involved in the strategic planning and operation of the Group.
- (b) The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. 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 audit committee comprises the three independent non-executive Directors of the Company, Mr. See Tak Wah, Mr. Wu Wai Chung Michael and Mr. Wong Tin Sang Patrick.

Mr. See Tak Wah currently runs his own strategic consultancy business. Mr. See is also an independent non-executive director of Sun East Technology (Holdings) Limited and Buildmore International Limited.

Mr. Wu Wai Chung Michael is currently a non-executive director of SW Kingsway Capital Holdings Limited. Mr. Wu is also an independent non-executive director of Interchina Holdings Company Limited, Shenzhen Investment Limited and International Financial Network Holdings Ltd..

Mr. Wong Tin Sang Patrick is a retired banker. Mr. Wong's last position was a business advisor in the corporate banking group of CITIC Ka Wah Bank Limited.

- (c) The secretary and qualified accountant of the Company is Mr. Dyland Mah Kwong Chee. Mr. Mah is a fellow of the Association of Chartered Certified Accountants.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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