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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)

DISCLOSEABLE TRANSACTION

SUMMARY

On 8th December, 2006, 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 100% equity interest in Noble Stand for a total consideration of HK\$58 million.

Since the percentage ratio for the consideration test under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the transaction as contemplated by the sale and purchase 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.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of, and is not connected person of, the Company as at the date of this announcement.

A circular in connection with the sale and purchase agreement will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

* *For identification purpose only*

THE AGREEMENT

The salient terms of the Agreement are set out below.

Date

8th December, 2006

Parties

First Telecom International Limited (“Vendor”)
Massive Gain Investment Limited (“Purchaser”)

Disposal

Noble Stand Holdings Limited (“Noble Stand”) is a wholly owned subsidiary of the Vendor. Noble Stand’s principal asset is its 19.9% equity interest in Ace River. The Sale Share represents the Company’s entire interest in Noble Stand.

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

Consideration

The consideration of HK\$58 million for the Sale Share shall be payable over a period of 12 months; HK\$10 million payable immediately upon completion and the remaining balance over equal quarterly instalments of HK\$12 million each.

The consideration was determined on a willing buyer willing seller basis, based on a price sales ratio of approximately 0.8 times of Ace River’s audited consolidated revenue for the year ended 31st December, 2005 and taking into account the factors as further explained in the section “Rationale and Effects of the Disposal” hereinbelow. Price to sales ratio is a basis for valuing companies with no earnings track record, start-up and high-growth companies. 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 next Business Day after the completion event, being the later of obtaining regulatory approval and the approval of the Shareholders, if required. Upon completion, Noble Stand will cease to be a subsidiary of the Company.

INFORMATION ON NOBLE STAND

Noble Stand is an investment holding company incorporated on 9th September, 2005 and holds 19.9% equity interest in Ace River. Ace River, also an investment holding company, in turn holds 100% equity interest in 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, with its head office in Hong Kong. It has been in business since late 2001 and operates design, research and development centres and production facility across the north-east Asia region. The audited consolidated loss after taxation of AWG for the years ended 31st December, 2003, 2004 and 2005 are approximately HK\$37 million, HK\$29 million and HK\$23 million respectively.

The unaudited net assets of Noble Stand as at 31st December, 2005 was HK\$65 million and there is no profit, loss or dividend income since its incorporation.

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 Company's cost of investment in Ace River, as announced on 17th October, 2005, was HK\$63 million.

In recent months, AWG has been facing financial difficulties, brought about principally by production-related issues and delays. Ace River's prospects have consequently diminished in the eyes of the Company and are no longer in line with the initial expectations at the time of its investment.

Recently however, Ace River had successfully secured additional funding and capital injection from a new strategic investor who has outlined Ace River's strategic direction going forward. However, this vision for Ace River and its future prospects is not shared by the Company. In view of this, the Directors have made the decision to divest in Ace River and to dispose the Sale Share to the Purchaser, a party associated with the new investor. The disposal of the Sale Share will not have any impact on the Company's business plan.

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 HK\$58 million and the unaudited net assets of Noble Stand as at 31st October, 2006 of HK\$65 million, the Group expects to record an (unaudited) loss of approximately HK\$5 million together with a write down of the corresponding revaluation reserve of HK\$2 million from the disposal of the Sale Share.

GEM LISTING RULES IMPLICATIONS

Since the percentage ratio for the consideration test under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the transaction as contemplated by the sale and purchase 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.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of, and is not connected person of, the Company as at the date of this announcement.

A circular in connection with the sale and purchase agreement will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

DEFINITIONS

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

“Ace River”	Ace River Investments Limited is a company incorporated in British Virgin Islands with limited liability;
“Agreement”	the sale and purchase agreement dated 8th December, 2006 entered into between Vendor and Purchaser in relation to the disposal of the Sale Share;
“AWG”	Advanced Wireless Group Limited, a company incorporated in Hong Kong with limited liability, and is a 100% owned subsidiary of Ace River;
“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 Cayman Islands with limited liabilities and is listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited;
“Directors”	the directors of the Company;
“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;
“Noble Stand”	Noble Stand Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which holds 19.9% equity interest in Ace River;
“Purchaser”	Massive Gain Investment Limited, a company incorporated in Samoa with limited liability;
“Sale Share”	1 share of US\$1.00 in Noble Stand, representing 100% of the issued and paid-up share capital of Noble Stand;
“Shareholders”	holders of shares of the Company; and

“Vendor”

First Telecom International Limited, a company incorporated in Hong Kong with limited liabilities, is an indirect wholly-owned subsidiary of the Company.

By Order of the Board
Ng Kok Hong
Executive Chairman

Hong Kong, 8th December, 2006

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.