

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 TRANSACTION

**DISPOSAL OF 100% EQUITY INTEREST IN
NOBLE STAND HOLDINGS 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 on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

28th December, 2006

* 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 the 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;
“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;
“Directors”	the directors of the Company;
“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”	22nd December, 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein;
“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;

DEFINITIONS

“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;
“SFO”	the Securities and Futures Ordinance;
“Shareholders”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholders”	has the meaning ascribed to that term under the GEM Listing Rules;
“Vendor”	First Telecom International Limited, a company incorporated in Hong Kong with limited liability, and 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 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

28th December, 2006

To the Shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**DISPOSAL OF 100% EQUITY INTEREST
IN NOBLE STAND HOLDINGS LIMITED**

INTRODUCTION

On 8th December, 2006, the Company through its indirect wholly-owned subsidiary, First Telecom International Limited as Vendor, entered into the Agreement with Massive Gain Investment Limited as Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Vendor's 100% equity interest in Noble Stand at a consideration of HK\$58 million.

* 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

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 equity interest in Noble Stand.

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

THE AGREEMENT

Date: 8th December, 2006

Parties: Vendor: First Telecom International Limited
Purchaser: Massive Gain Investment Limited

Interest to be disposed: 100% equity interest in Noble Stand.

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.

LETTER FROM THE BOARD

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.

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 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.

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. Upon completion of the disposal, Noble Stand ceased to be a subsidiary of the Company.

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. Accordingly, the net assets of the Group will be reduced by HK\$7 million.

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 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 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 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 Rules 5.46 to 5.67 of 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 <u>First Telecom International Limited</u>		
	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 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 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 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.