



**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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT**  
**FOR THE THREE MONTHS ENDED 31ST MARCH, 2007**

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

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*This announcement, for which the directors (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 GEM of the Stock Exchange (the “GEM Listing Rules”) 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.*

\* For identification purpose only

## **HIGHLIGHTS**

For the three months ended 31st March, 2007, First Mobile Group Holdings Limited and its subsidiaries recorded satisfactory results despite a competitive environment. Highlights of the three months' performance are as follows:

- Turnover was approximately HK\$2,135 million, representing an increase of 5% over the same period of 2006
- Gross profit was approximately HK\$94 million, representing an increase of 34% over the same period of 2006
- Profit attributable to equity holders of the Company was approximately HK\$15.5 million, representing an increase of 327% over the same period of 2006
- Earnings per share was HK0.80 cent
- Number of mobile phones sold was approximately 1.6 million units

## RESULTS

The directors (the “Directors”) of First Mobile Group Holdings Limited (the “Company”) announce the unaudited results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31st March, 2007 (the “Period”) together with the unaudited comparative figures:

### Unaudited Consolidated Profit and Loss Account

For the three months ended 31st March, 2007

		Three months ended 31st March,	
		2007	(Restated) 2006
	Note	HK\$'000	HK\$'000
<b>Continuing operations</b>			
Revenues	2	2,135,937	2,039,638
Cost of sales		<u>(2,041,542)</u>	<u>(1,969,085)</u>
Gross profit		94,395	70,553
Selling and distribution expenses		(14,884)	(14,120)
General and administrative expenses		(35,946)	(39,659)
Other income	3	89	2,773
Other expenses	3	<u>(5,436)</u>	<u>(983)</u>
Operating profit		38,218	18,564
Finance income		3,929	2,909
Finance costs		<u>(18,919)</u>	<u>(13,791)</u>
Profit before taxation		23,228	7,682
Taxation	4	<u>(7,691)</u>	<u>(3,654)</u>
Profit from continuing operations		15,537	4,028
<b>Discontinued operation</b>			
Loss from discontinued operation	5	<u>—</u>	<u>(706)</u>
Profit for the period		<u>15,537</u>	<u>3,322</u>
Attributable to:			
Equity holders of the Company		15,549	3,643
Minority interests		<u>(12)</u>	<u>(321)</u>
		<u>15,537</u>	<u>3,322</u>
Basic and diluted earnings/(loss) per share	6		
– from continuing operations		<u>HK0.80 cent</u>	<u>HK0.21 cent</u>
– from discontinued operation		<u>—</u>	<u>(HK0.02 cent)</u>
Dividend	7	<u>—</u>	<u>—</u>

## 1. Basis of preparation and accounting policies

The consolidated profit and loss account is extracted from the unaudited consolidated accounts of the Company which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and derivative financial instruments.

Following the Group’s disposal of its 70% equity interest in Chi Tel Investments Limited, which provides inter-city/international telecommunication services using VoIP technology (“VoIP business”) on 3rd July, 2006, the VoIP business is reported as discontinued operation in the consolidated accounts for the three months ended 31st March, 2006, and accordingly relevant comparative figures were restated.

The accounting policies used in the accounts are consistent with those used in the annual report for the year ended 31st December, 2006 except for the adoption of some new and revised standards stated below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by HKICPA (collectively “HKFRSs”) which are effective for accounting periods beginning on or after 1st November, 2006. The Group has adopted all HKFRSs which are pertinent to its operations in the accounts for the year ending 31st December, 2007. The applicable HKFRSs are set out below:

IFRIC/HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HKFRS 7	Financial Instruments: Disclosures, and a complementary Amendment to HKAS 1, Presentation of Financial Statements - Capital Disclosures

(a) *IFRIC/HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment*

This new interpretation prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any financial impact on the Group’s financial results.

(b) *HKFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to HKAS 1, Presentation of Financial Statements - Capital Disclosures*

HKFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces HKAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in HKAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under HKFRSs. The amendment to HKAS 1 introduces disclosures about the level of an entity’s capital and how it manages capital. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of HKAS 1. These amendments do not have any financial impact on the Group’s financial results.

## 2. Revenues and income

The Group is principally engaged in the trading, distribution and retail sales of mobile phones and accessories.

Turnover represents invoiced value of sale of mobile phones and accessories to customer, net of returns, discounts allowed, value-added tax or sales tax where applicable. Revenues and income recognised during the Period are as follows:

	Three months ended 31st March,	
	2007 HK\$'000	(Restated) 2006 HK\$'000
Revenues		
Turnover from sales of mobile phones and accessories, net	2,135,071	2,038,322
Rental income		
– investment property	227	–
– others	577	1,075
Repair service income, net	62	241
Total	<u>2,135,937</u>	<u>2,039,638</u>

## 3. Other income and expenses

Other income and expenses mainly comprised a release of exchange reserve upon disposal of a dormant subsidiary, amortisation of intangible asset and exchange differences for the three months ended 31st March, 2007.

## 4. Taxation

	Three months ended 31st March,	
	2007 HK\$'000	2006 HK\$'000
Company and subsidiaries		
Hong Kong profits tax ( <i>note (i)</i> )	6,373	1,782
Overseas taxation ( <i>note (ii)</i> )	1,465	1,872
Under provision of taxation in prior years	6	–
Deferred taxation	(153)	–
	<u>7,691</u>	<u>3,654</u>

Notes:

- (i) Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the Period.
- (ii) Taxation on overseas profits has been calculated on the estimated assessable profits for the Period at the rates of taxation prevailing in the countries in which the Group operates.

## 5. Discontinued operation

The Group disposed of its VoIP business on 3rd July, 2006 and the loss from this discontinued operation for the three months ended 31st March, 2006 was HK\$706,000.

## 6. Earnings per share

Basic earnings per share for the Period is calculated based on the profit from continuing operations and loss from discontinued operation attributable to equity holders of the Company of HK\$15,549,000 (2006: HK\$4,042,000) and Nil (2006: HK\$399,000) respectively and on the weighted average of 1,945,696,565 (2006: 1,945,696,565) shares in issue during the Period.

The Company has no dilutive potential shares as at 31st March, 2007 (2006: None).

## 7. Dividend

The Directors do not recommend the payment of an interim dividend for the Period (2006 : Nil).

## 8. Movement in reserves

Movements in the reserves of the Group during the three months ended 31st March, 2007 and 2006 are set out below:

	Attributable to equity holders of the Company							Total HK\$'000
	Share premium HK\$'000	Merger reserve HK\$'000	Reserve fund (note) HK\$'000	Exchange reserve HK\$'000	Available- for-sale financial asset revaluation reserve HK\$'000	Retained earnings HK\$'000	Minority interests HK\$'000	
Balance at 1st January, 2007	127,258	3,989	4,872	20,553	-	523,704	12	680,388
Exchange differences	-	-	-	6,414	-	-	-	6,414
Profit attributable to equity holders of the Company	-	-	-	-	-	15,549	-	15,549
Release of reserve upon disposal of a subsidiary	-	-	-	1,030	-	-	-	1,030
Minority's share of loss for the Period	-	-	-	-	-	-	(12)	(12)
<b>Balance at 31st March, 2007</b>	<b>127,258</b>	<b>3,989</b>	<b>4,872</b>	<b>27,997</b>	<b>-</b>	<b>539,253</b>	<b>-</b>	<b>703,369</b>
Retained by :								
Company and subsidiaries	127,258	3,989	4,872	27,997	-	539,253	-	703,369
Balance at 1st January, 2006	127,258	3,989	4,872	1,615	1,991	482,989	355	623,069
Exchange differences	-	-	-	6,231	-	-	35	6,266
Profit attributable to equity holders of the Company	-	-	-	-	-	3,643	-	3,643
Minority's share of loss for the period	-	-	-	-	-	-	(321)	(321)
<b>Balance at 31st March, 2006</b>	<b>127,258</b>	<b>3,989</b>	<b>4,872</b>	<b>7,846</b>	<b>1,991</b>	<b>486,632</b>	<b>69</b>	<b>632,657</b>
Retained by :								
Company and subsidiaries	127,258	3,989	4,872	7,846	1,991	486,632	69	632,657

*Note:*

In accordance with the relevant regulations in the People's Republic of China (the "PRC") applicable to wholly foreign owned enterprises, the PRC subsidiary of the Group is required to appropriate to the reserve fund an amount of not less than 10% of profit after taxation (based on figures reported in the statutory accounts). If the accumulated total of the reserve fund reaches 50% of the registered capital of the PRC subsidiary, the enterprise will not be required to make any further appropriation. The reserve fund may be used to reduce any losses incurred by the PRC subsidiary. The appropriation is made only at 31st December.

## **BUSINESS REVIEW AND OUTLOOK**

The Group is principally engaged in the trading, distribution and retail sales of mobile phones and related accessories from various international brands in the Asia Pacific region. It offers complete value-added solutions to manufacturers, operators, dealers and end users, from pre-sales to distribution, marketing and after-sales of products.

### **Business Review**

For the first three months of 2007, the Group maintained its leading position as a key distributor in the region and recorded satisfactory results. During the period, the Group distributed approximately 80 models and sold approximately 1.6 million units of mobile phones.

During the first quarter of 2007, the Malaysian subsidiary distributed approximately 50 models. The Samsung brand enjoys a market share of approximately 19% and is the second most popular handset brand in Malaysia.

During the period under review, the Philippines subsidiary acquired exclusive distribution rights of 4 new Samsung models, namely SGH-C140, E570, Z370 and Z720. Samsung continues to be one of the leading handset brands in the country, with a market share of approximately 18%.

In Hong Kong, the Group's retail business under the Mobile City branding continues to gain popularity among consumers, with quality services provided by the professional staff and effective marketing strategies adopted. During the period under review, Mobile City ran various tailor-made promotions, including joint promotions with globally renowned brands, to promote sales. Premiums of famous brands, such as Hanadeka Club, a brand from Japan and Newton's Law, a brand from the United Kingdom, were chosen as gifts to customers of selected products. The promotions were successful in further enhancing the Mobile City brand name as well as increasing sales volume.

In March 2007, the Group participated in two of the largest international telecom trade fairs, CeBIT and CTIA Wireless, held in Hannover in Germany and Orlando in the United States respectively. The participation in these fairs brought about tremendous business opportunities to the Group.

## **Financial Review**

Turnover for the first quarter of 2007 totalled HK\$2,135 million, up 4.7% over the corresponding quarter of 2006. Sales volume totalled 1.6 million units this quarter, much the same as that of the first quarter of 2006.

Gross profit margin had improved from 3.5% in the first quarter of 2006 to 4.4% this quarter, and this is reflected in the gross profit for this quarter of HK\$94 million, a marked increase of 34% over the corresponding quarter.

Selling and distribution expenses as well as general and administrative expenses have generally been kept in check. The reduction in general and administrative expenses of 9.4% is due to cost savings from the disposal and cessation of various non-core operations of the Group as disclosed previously.

The increase in other expenses is attributable to realised foreign exchange losses and the release of exchange reserve on the disposal of a dormant subsidiary.

Finance costs increased significantly over the corresponding quarter due to increase in interest rates and bank charges.

## **Future Plans and Prospects**

The Group will continue to focus on its core strengths and markets, and will build on these going forward to capitalise on potential opportunities arising from emerging technologies.

The Group looks forward to further consolidating its position in the market and capturing market share while driving margins upwards.

## **SHARE OPTION SCHEME**

At the annual general meeting held on 29th April, 2003, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme"). The summary of the terms of the Share Option Scheme was disclosed in the circular to shareholders dated 27th March, 2003.

Under the Share Option Scheme, the Board of Directors (the "Board") or a duly authorised committee thereof which shall include the independent non-executive Directors (the "Committee") may, at its discretion, invite any participant (as defined in the Share Option Scheme), including any employee and any director of any company in the Group, to take up options at HK\$1.00 per option to subscribe for shares in the Company (the "Shares") at the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of a Share. The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme and as refreshed by members in general meeting in accordance with the terms of the Share Option Scheme.



Options granted under this scheme may be exercised within a period to be notified by the Board or the Committee to each grantee as being the period during which an option may be exercised, and in any event, such period shall not be longer than 10 years from the date of grant of the option.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

As at 31st March, 2007, no options under this scheme had been granted.

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES**

As at 31st March, 2007, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

### **(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**

<b>Name of Director</b>	<b>Number of non-voting deferred shares of HK\$1.00 each in First Telecom International Limited</b>		
	<b>Personal interests</b>	<b>Family interests (note)</b>	<b>Total</b>
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 31st March, 2007, 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 above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors (including their spouses or children under 18 years of age) or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO**

As at 31st March, 2007, other than the interests disclosed in the section headed “Directors’ Interests and Short Positions in Shares” above, there were no other persons who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

**COMPETING INTEREST**

None of the Directors or the 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 competes or may compete with the business of the Group.

**PURCHASE, SALE OR REDEMPTION OF SHARES**

During the Period, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s listed shares.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company had, on 14th May, 2004, adopted a code of conduct (the "Code of Conduct") governing securities transaction by its Directors modelled on terms no less exacting than the required standard as set out in rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry, all Directors have confirmed compliance with the Code of Conduct throughout the Period.

## **AUDIT COMMITTEE**

The audit committee was established on 15th December, 2000 and comprises the three independent non-executive Directors:

Mr. See Tak Wah (*Committee Chairman*)

Mr. Wu Wai Chung Michael

Mr. Wong Tin Sang Patrick

The terms of reference of the audit committee was revised on 12th August, 2005 in accordance with the requirements of the Code on Corporate Governance Practices as set out by the Stock Exchange. 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 unaudited results of the Group for the three months ended 31st March, 2007 has been reviewed by the audit committee.

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

Hong Kong, 14th May, 2007

### *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).*