



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2007

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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 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 nine months ended 30th September, 2007, First Mobile Group Holdings Limited and its subsidiaries recorded satisfactory results despite a competitive environment. Highlights of the nine months' performance are as follows:

- Turnover was approximately HK\$6,314 million, representing an increase of 4.9% over the same period of 2006
- Gross profit was approximately HK\$308 million, representing an increase of 22.5% over the same period of 2006
- Profit attributable to equity holders of the Company was approximately HK\$59 million, representing an increase of 292.2% over the same period of 2006
- Basic earnings per share was HK3.05 cents
- Number of mobile phones sold was approximately 4.5 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 and the nine months ended 30th September, 2007 (the “Periods”) together with the unaudited comparative figures:

Unaudited Consolidated Profit and Loss Account

For the three months and nine months ended 30th September, 2007

	Note	Three months ended 30th September,		Nine months ended 30th September,	
		2007 HK\$'000	(Restated) 2006 HK\$'000	2007 HK\$'000	(Restated) 2006 HK\$'000
Continuing operations					
Revenues	2	2,290,183	2,052,097	6,316,492	6,022,322
Cost of sales		(2,184,508)	(1,950,913)	(6,008,075)	(5,770,513)
Gross profit		105,675	101,184	308,417	251,809
Selling and distribution expenses		(17,014)	(11,993)	(47,697)	(35,632)
General and administrative expenses		(45,972)	(47,165)	(132,845)	(135,400)
Other income	3	499	3,903	1,509	4,629
Other expenses	3	(7,025)	(1,355)	(10,648)	(4,435)
Operating profit		36,163	44,574	118,736	80,971
Finance income		5,850	3,268	14,858	9,278
Finance costs		(17,545)	(13,104)	(54,096)	(41,837)
Profit before taxation		24,468	34,738	79,498	48,412
Taxation	4	(8,765)	(9,958)	(20,187)	(22,669)
Profit from continuing operations		15,703	24,780	59,311	25,743
Discontinued operation					
Profit / (loss) from discontinued operation	5	-	20	-	(10,935)
Profit for the period		15,703	24,800	59,311	14,808
Attributable to:					
Equity holders of the Company		15,703	24,840	59,323	15,125
Minority interests		-	(40)	(12)	(317)
		15,703	24,800	59,311	14,808
Basic earnings/(loss) per share	6	HK0.81 cent	HK1.28 cents	HK3.05 cents	HK1.33 cents
- from continuing operations		HK0.81 cent	HK1.28 cents	HK3.05 cents	HK1.33 cents
- from discontinued operation		-	HK0.00 cent	-	HK(0.55) cent
Diluted earnings per share	6	HK0.80 cent	N/A	HK3.01 cents	N/A
- from continuing operations		HK0.80 cent	N/A	HK3.01 cents	N/A
- from discontinued operation		-	N/A	-	N/A
Dividend	7	-	-	9,728	-

Notes:

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 and the nine months ended 30th September, 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
IFRIC/HK(IFRIC)-Int 8	Scope of IFRS/HKFRS 2

(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

1. Basis of preparation and accounting policies (Continued)

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.

(c) IFRIC/HK(IFRIC)-Int 8, Scope of IFRS/HKFRS 2

This interpretation requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS/HKFRS 2. It is not expected to have any impact on the Group's consolidated financial statements.

2. Revenue and income

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

Turnover represents invoiced value of sales 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 Periods are as follows:

	Three months ended 30th September,		Nine months ended 30th September,	
	2007 HK\$'000	(Restated) 2006 HK\$'000	2007 HK\$'000	(Restated) 2006 HK\$'000
Revenues				
Turnover from sales of mobile phones and accessories, net	2,289,326	2,050,461	6,313,855	6,018,152
Rental income				
– investment property	154	–	612	–
– others	659	1,145	1,871	3,070
Repair service income, net	44	491	154	1,100
Total	<u>2,290,183</u>	<u>2,052,097</u>	<u>6,316,492</u>	<u>6,022,322</u>

3. Other income and expenses

Other income and expenses mainly comprised exchange differences for the three months ended 30th September, 2007 and comprised a release of exchange reserve upon disposal of a dormant subsidiary, amortisation of intangible assets and exchange differences for the nine months ended 30th September, 2007.

4. Taxation

	Three months ended 30th September,		Nine months ended 30th September,	
	2007 <i>HK\$'000</i>	(Restated) 2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	(Restated) 2006 <i>HK\$'000</i>
Hong Kong profits tax (<i>note (i)</i>)	7,752	10,001	19,378	18,746
Overseas taxation (<i>note (ii)</i>)	6,244	307	9,117	3,740
(Over)/under provision of taxation in prior years	(1,789)	4	(5,861)	768
Deferred taxation	(3,442)	(354)	(2,447)	(585)
	<u>8,765</u>	<u>9,958</u>	<u>20,187</u>	<u>22,669</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 Periods.
- (ii) Taxation on overseas profits has been calculated on the estimated assessable profits for the Periods 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 results of this discontinued operation for the nine months ended 30th September, 2006 include the one-time write-off of goodwill and advances of HK\$7,754,000 and HK\$2,634,000 respectively and the corresponding gain on disposal of HK\$20,000.

6. Earnings per share

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	Three months ended 30th September, 2007		2006		Nine months ended 30th September, 2007		2006	
Profit for the period from continuing operations attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	<u>HK\$15,703,000</u>	<u>HK\$24,820,000</u>			<u>HK\$59,323,000</u>		<u>HK\$25,808,000</u>	
Profit/(loss) for the period from discontinued operation attributable to equity holders of the Company for the purpose of calculating basic earnings/(loss) per share	<u>-</u>	<u>HK\$20,000</u>			<u>-</u>		<u>HK\$(10,683,000)</u>	
	Number of shares	Number of shares			Number of shares	Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings/(loss) per share	<u>1,945,696,565</u>	<u>1,945,696,565</u>			<u>1,945,696,565</u>	<u>1,945,696,565</u>		
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,969,960,763</u>	<u>N/A</u>			<u>1,969,960,763</u>	<u>N/A</u>		

Diluted earnings per share for the three months and the nine months ended 30th September, 2006 are not presented because there were no dilutive potential shares.

7. Dividend

	Three months ended 30th September, 2007		2006		Nine months ended 30th September, 2007		2006	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000		HK\$'000
Interim dividend, HK0.5 cent per share	<u>-</u>	<u>-</u>			<u>9,728</u>	<u>-</u>		

At a meeting of the board of directors held on 13th August, 2007, the Directors declared an interim dividend of HK0.5 cent per share for the period ended 30th June, 2007 (2006: Nil), which had been paid on 19th September, 2007.

The Directors do not recommend the payment of an interim dividend for the three months ended 30th September, 2007.

8. Movement in reserves

Movement in the reserves of the Group during the three months ended 30th September, 2007 and 2006 are set out below:

	Attributable to equity holders of the Company								
	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Reserve fund <i>(note)</i> <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Available-for-sale- financial asset revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st July, 2007	127,258	3,989	4,872	27,289	-	-	567,324	-	730,732
Exchange differences	-	-	-	3,986	-	-	-	-	3,986
Profit attributable to equity holders of the Company	-	-	-	-	-	-	15,703	-	15,703
Recognition of equity-settled share-based payment	-	-	-	-	-	6,657	-	-	6,657
Dividend paid	-	-	-	-	-	-	(9,728)	-	(9,728)
Balance at 30th September, 2007	127,258	3,989	4,872	31,275	-	6,657	573,299	-	747,350
Retained by:									
Company and subsidiaries	127,258	3,989	4,872	31,275	-	6,657	573,299	-	747,350
Balance at 1st July, 2006	127,258	3,989	4,872	9,522	1,991	-	473,274	202	621,108
Exchange differences	-	-	-	162	-	-	-	3	165
Profit attributable to equity holders of the Company	-	-	-	-	-	-	24,840	-	24,840
Disposal of subsidiaries	-	-	-	-	-	-	-	(140)	(140)
Release of reserve upon disposal of subsidiaries	-	-	-	(352)	-	-	-	-	(352)
Minority's share of loss for the period	-	-	-	-	-	-	-	(40)	(40)
Balance at 30th September, 2006	127,258	3,989	4,872	9,332	1,991	-	498,114	25	645,581
Retained by:									
Company and subsidiaries	127,258	3,989	4,872	9,332	1,991	-	498,114	25	645,581

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 the amount 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 nine months under review, the Group maintained its leading position as one of the key distributors in the region and recorded satisfactory results. During the period, the Group distributed over 100 models and sold approximately 4.5 million units of mobile phones.

The Group's Malaysian subsidiary further enriched its product portfolio by acquiring distribution rights of 13 new models, namely Samsung SGH-C170, C450, D840, D900i, E950, F300, F500, J600, L760, M610, U600, U700 and Z240. Samsung maintained its position as the second largest mobile phone brand in Malaysia with a market share of approximately 21%, representing a 2% increase compared to Q2 2007. Moreover, a new Mobile City retail outlet was opened at The Garden Mid Valley City to further build the Mobile City brand in Malaysia.

The Group's subsidiary in the Philippines acquired exclusive distribution rights of 29 new models, namely Samsung SGH-C140, C160, C170, C450, C520, D880, D900i, E200, E210, E570, E840, F200, F210, F300, F500, J200, J600, J610, L600, M600, M610, P930, U300, U600, U700, Z170, Z240, Z370 and Z720. The Group continued to grow Samsung's market share to approximately 22%, representing an increase of 2% compared to Q2 2007. Samsung maintained its second position in the Philippines market.

In Hong Kong, the Group's retail business under the brand name of Mobile City continued to gain popularity among customers, with quality services provided by professional staff and effective marketing strategies adopted. During Q3 2007, Mobile City carried out a series of marketing campaigns in collaboration with the top brands. On top of giving complimentary tailor-made premiums to customers, Mobile City launched a must-win instant lucky draw promotion with Nokia. The lucky draw was conducted by creatively using capsule machines and was highly successful. Bespoke location-based sales and marketing promotions were organised for each shop to fulfill different customers' needs in different districts. All promotions received impressive results which further enhanced the brand name of Mobile City as well as push up sales volume. To further publicise the brand name and expand customer base, Mobile City participated in the Hong Kong Shopping Festival organised by the Hong Kong Tourism Board. Mobile City had participated in "No Fakes" Pledge Scheme which was organised by the Intellectual Property Department of the HKSAR. All these public relations programs were very successful in terms of image positioning in the market place.

Financial Review

For the nine months ended 30th September, 2007, the Group recorded a turnover of HK\$6,314 million, representing an increase of 4.9% over the corresponding period in 2006. Total sales volume reached 4.5 million units in the nine months ended 30th September, 2007, up 7.7% compared to the corresponding period in 2006.

Gross profit margin improved from 4.2% to 4.9% over the corresponding nine months period, resulting in a gross profit of HK\$308 million for the nine months ended 30th September, 2007, a marked increase of 22.5% over the corresponding period in 2006.

Selling and distribution expenses increased due to the growth of the Group's distribution networks in existing and new markets.

As further elaborated under the section "Share Option Scheme", the Company had issued share options to the Company's employees during the quarter ended 30th September, 2007. In accordance with HKFRS 2, share-based payment amounting to HK\$6.7 million was recognised and charged against the Company's earnings for the quarter under general and administrative expenses. The share-based payment is recognised in compliance with HKFRS 2 and does not represent a cash outflow for the Group.

Excluding the above, general and administrative expenses for the nine months ended 30th September, 2007 reduced by HK\$9.2 million, or 6.8% as compared to the corresponding period as a result of cost saving measures.

Finance costs increased by HK\$12.3 million in the nine months ended 30th September, 2007 due mainly to increases in interest rates over the corresponding period in 2006.

Future Plans and Prospects

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

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”). A 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.

On 11th July, 2007, share options to subscribe for a total of 190,200,000 Shares at an exercise price of HK\$0.265 per Share, representing approximately 9.78% of the issued share capital of the Company, were granted to certain employees of the Group in accordance with the terms of the Share Option Scheme.

As at 30th September, 2007, no options under this Share Option Scheme had been exercised or cancelled.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30th September, 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

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.

Save as disclosed above, as at 30th September, 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 Periods 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 30th September, 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 Periods, 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 Periods.

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 nine months ended 30th September, 2007 has been reviewed by the audit committee.

By order of the Board
Ng Kok Hong
Executive Chairman

Hong Kong, 13th November, 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.