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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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.

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 of 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 year ended 31st December, 2007, First Mobile Group Holdings Limited and its subsidiaries performed satisfactorily. Highlights of the year's performance are as follows:

* The Group achieved a revenue of HK$8,132 million
* Sold 5.8 million units of mobile phones
* Gross profit was HK$380 million
* Profit attributable to equity holders of the Company was HK$64 million
* Basic earnings per share was HK3.27 cents
* Proposed final dividend of HK0.5 cent per share. Together with an interim dividend of HK0.5 cent per share, the total dividend for the year is HK1.0 cent per share

RESULTS

The Directors of First Mobile Group Holdings Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2007 together with the comparative figures for the year ended 31st December, 2006:

Consolidated Profit and Loss Account

For the year ended 31st December, 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Continuing operations			
Revenues	*2*	**8,132,158**	7,998,793
Cost of sales	*3*	**(7,751,796)**	(7,608,334)
Gross profit		**380,362**	390,459
Selling and distribution expenses		**(67,625)**	(53,957)
General and administrative expenses		**(191,549)**	(188,199)
Other income	*4*	**18,678**	6,697
Other expenses		**(3,586)**	(10,089)
Operating profit	*5*	**136,280**	144,911
Finance income		**18,831**	13,429
Finance costs	*6*	**(68,007)**	(68,267)
Profit before taxation		**87,104**	90,073
Taxation	*7*	**(23,573)**	(38,727)
Profit from continuing operations		**63,531**	51,346
Discontinued operation			
Loss from discontinued operation	*8*	**–**	(10,935)
Profit for the year		**63,531**	40,411
Attributable to:			
Equity holders of the Company		**63,543**	40,715
Minority interests		**(12)**	(304)
		63,531	40,411
Basic and diluted earnings/(loss) per share	*9*		
– from continuing operations		**HK 3.27 cents**	HK 2.64 cents
– from discontinued operation		**–**	HK(0.55) cent
Dividend	*10*	**19,456**	–

Consolidated Balance Sheet

As at 31st December, 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Intangible assets		–	1,381
Investment property		9,221	8,814
Leasehold land		23,607	23,162
Fixed assets		49,439	37,638
Deferred tax assets		20,796	13,211
		103,063	84,206
Current assets			
Inventories		494,770	566,017
Financial assets at fair value through profit or loss		673	729
Trade receivables	11	1,500,445	1,356,600
Other receivables and prepayments		160,267	188,194
Tax recoverable		17,484	9,094
Derivative financial instruments		95	483
Bank balances and cash			
– pledged		455,495	402,253
– not pledged		124,279	130,145
		2,753,508	2,653,515
Current liabilities			
Trade payables	12	1,039,184	882,006
Bills payables		255,764	379,269
Other payables and accrued charges		122,551	98,371
Current portion of long-term liabilities		20,411	25,235
Taxation payable		13,519	17,197
Bank loans and overdrafts			
– secured		438,068	428,256
– unsecured		10,648	7,956
		1,900,145	1,838,290
Net current assets		853,363	815,225
Total assets less current liabilities		956,426	899,431
Capital and reserves attributable to the Company's equity holders			
Share capital		194,570	194,570
Reserves	13	752,779	680,376
		947,349	874,946
Minority interests		–	12
Total equity		947,349	874,958
Non-current liabilities			
Long-term liabilities		7,115	22,684
Deferred tax liabilities		1,962	1,789
		956,426	899,431

Notes:

1. Basis of preparation and accounting policies

The significant accounting policies applied in the preparation of these consolidated accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated accounts 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.

(b) Amendments to published standards

In 2007, the Group adopted the new/revised standards and interpretation of HKFRSs below, which are relevant to its operations. The applicable HKFRSs are set out below:

(i) 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 to HKAS 1.

(ii) HK(IFRIC)-Int 8, Scope of HKFRS 2

This new 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 HKFRS 2. This interpretation does not have any financial impact on the Group's financial results.

(iii) 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.

(iv) New/revised standards and interpretations to published standards that are not yet effective

Certain new/revised standards and new interpretations to existing standards have been published that are relevant to and mandatory for the Group's accounting periods beginning on or after 1st March, 2007 or later periods but which the Group has not early adopted, as follows:

(1) HK(IFRIC)-Int 11 – HKFRS 2, Group and Treasury Share Transactions (effective from 1st March, 2007)

This interpretation provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have any financial impact on the Group's financial results.

(2) HKAS 23 (Revised), Borrowing Costs (effective from 1st January, 2009)

The revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1st January, 2009 but is currently not applicable to the Group as there are no qualifying assets.

(3) HKFRS 8, Operating Segments (effective from 1st January, 2009)

HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about Segments of an Enterprise and Related Information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1st January, 2009. The expected impact is still being assessed in detail by management.

(4) HKAS 1 (Revised), Presentation of Financial Statements (effective from 1st January, 2009)

HKAS 1 (Revised) "Presentation of Financial Statements" will be effective for the Group's accounting periods beginning on or after 1st January, 2009. This standard affects the presentation of owner changes in equity and of comprehensive income and does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs.

2. Revenues, income and segment information

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 customers, net of returns, discounts allowed, value-added tax or sales tax where applicable. Turnover and other revenue recognised during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenues		
Turnover from sales of mobile phones and accessories, net	**8,128,628**	7,993,278
Rental income		
– investment property	**736**	481
– others	**2,601**	3,583
Repair service income, net	**193**	1,451
Total	**8,132,158**	7,998,793

Primary reporting format – business segments

The Group's segment revenues, expenses, results, assets and liabilities are primarily attributable to trading and distribution of mobile phones and accessories and retail sales of mobile phones and accessories.

Other operations of the Group include the provision of repair services for mobile phones and holding of properties, all of which are of insignificant size to be reported separately.

The analysis of the Group's segment information for the year ended 31st December, 2007 by business segment is as follows:

	Continuing operations						Discontinued operation	
	Trading and distribution of mobile phones and accessories		Retail sales of mobile phones and accessories		Consolidated		Provision of telecommunication services using VoIP technology	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover before inter-segment sales	**7,845,083**	7,700,978	**398,613**	446,786	**8,243,696**	8,147,764	**–**	13,397
Inter-segment sales	**(78,052)**	(80,561)	**(37,016)**	(73,925)	**(115,068)**	(154,486)	**–**	–
Turnover	**7,767,031**	7,620,417	**361,597**	372,861	**8,128,628**	7,993,278	**–**	13,397
Unallocated revenues					**3,530**	5,515		
Revenues					**8,132,158**	7,998,793		
Segment results	**195,981**	168,994	**(35,925)**	(9,227)	**160,056**	159,767	**–**	(10,914)
Unallocated income and expenses, net					**(23,776)**	(14,856)	**–**	–
Operating profit/(loss)					**136,280**	144,911	**–**	(10,914)
Finance income					**18,831**	13,429	**–**	13
Finance costs					**(68,007)**	(68,267)	**–**	(34)
Profit/(loss) before taxation					**87,104**	90,073	**–**	(10,935)
Taxation					**(23,573)**	(38,727)	**–**	–
Profit/(loss) for the year					**63,531**	51,346	**–**	(10,935)

	Continuing operations						Discontinued operation	
	Trading and distribution of mobile phones and accessories		Retail sales of mobile phones and accessories		Consolidated		Provision of telecommunication services using VoIP technology	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**2,599,026**	2,440,227	**194,190**	174,334	**2,793,216**	2,614,561	**–**	–
Unallocated assets					**63,355**	123,160		
Total assets					**2,856,571**	2,737,721		
Segment liabilities	**(1,814,505)**	(1,713,493)	**(56,939)**	(85,184)	**(1,871,444)**	(1,798,677)	**–**	–
Unallocated liabilities					**(37,778)**	(64,086)		
Total liabilities					**(1,909,222)**	(1,862,763)		
Capital expenditure	**14,345**	3,397	**5,840**	1,284	**20,185**	4,681	**–**	–
Unallocated capital expenditure					**–**	8,904		
Total capital expenditure					**20,185**	13,585		
Depreciation and amortisation	**7,513**	9,509	**2,395**	1,409	**9,908**	10,918	**–**	873
Unallocated depreciation and amortisation					**182**	87		
Total depreciation and amortisation					**10,090**	11,005		
Impairment/(reversal of impairment) of trade receivable	**15,932**	47,770	**(1,564)**	1,886	**14,368**	49,656	**–**	28
(Reversal of impairment)/ impairment of inventories	**(15,683)**	3,376	**5,691**	2,642	**(9,992)**	6,018	**–**	–

Secondary reporting format – geographical segments

	Revenues 2007 *HK$'000*	**Total assets 2007** *HK$'000*	**Capital expenditure 2007** *HK$'000*
Hong Kong	**6,548,507**	**2,189,497**	**9,842**
Malaysia	**667,230**	**526,570**	**8,641**
The Philippines	**46,596**	**39,669**	**1,163**
Other countries	**869,825**	**37,480**	**539**
	8,132,158	**2,793,216**	**20,185**
Unallocated assets		**63,355**	
Total assets/capital expenditure		**2,856,571**	**20,185**

	Revenues 2006 *HK$'000*	Total assets 2006 *HK$'000*	Capital expenditure 2006 *HK$'000*
Hong Kong	6,699,606	1,767,235	1,248
Malaysia	771,823	670,144	11,959
The Philippines	74,039	36,539	163
Other countries	453,325	140,643	215
	7,998,793	2,614,561	13,585
Unallocated assets		123,160	
Total assets/capital expenditure		2,737,721	13,585

3. Cost of sales

	2007 *HK$'000*	2006 *HK$'000*
Cost of sales comprises:		
Cost of inventories sold	**7,715,302**	7,551,148
Other direct costs	**46,486**	51,168
(Reversal of impairment)/impairment of inventories	**(9,992)**	6,018
	7,751,796	7,608,334

4. Other income

	2007	2006
	HK$'000	*HK$'000*
Gain on derivative financial instruments at fair value	–	3,630
Compensation from insurance claim	585	2,502
Exchange gains, net	17,033	–
Gain on disposal of fixed assets	688	–
Gain on disposal of financial assets at fair value through profit or loss	74	–
Fair value gain on financial assets at fair value through profit or loss	25	39
Others	273	526
	18,678	6,697

5. Operating profit

Operating profit is stated after charging the following:

	2007	2006
	HK$'000	*HK$'000*
Amortisation of intangible assets #	1,424	3,198
Amortisation of leasehold land	579	573
Auditor's remuneration		
– current year	3,373	2,679
– under provision in prior years	320	320
Depreciation		
– owned fixed assets	6,925	6,398
– leased fixed assets	980	749
– investment property	182	87
Direct operating expenses arising from investment property that generates rental income	242	206
Exchange losses, net #	–	207
Loss on derivative financial instruments at fair value #	373	–
Loss on disposal of available-for-sale financial asset #	–	5,009
Loss on disposal of fixed assets #	–	1,131
Net loss on disposal of subsidiaries #	215	–
Operating leases		
– land and buildings	22,827	20,780
– office equipment	306	422
Pre-operating costs	–	418
Impairment of trade receivables	14,368	49,656
Staff costs (including Directors' remuneration and retirement benefit costs)	107,798	94,149

These are included in other expenses

6. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest expenses on:		
– bank loans, overdrafts and finance leases wholly repayable within five years	**52,514**	44,070
– bank loan not wholly repayable within five years	**258**	112
Bank and other charges	**15,235**	24,085
	68,007	68,267

7. Taxation

	2007	2006
	HK$'000	*HK$'000*
Hong Kong profits tax *(note (i))*	**24,127**	25,939
Overseas taxation *(note (ii))*	**13,166**	14,451
(Over)/under provision in prior years	**(6,955)**	854
Deferred taxation	**(6,765)**	(2,517)
	23,573	38,727

Notes:

(i) Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

(ii) Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

8. Loss from discontinued operation

For the year ended 31st December, 2006, the Group disposed of its 70% equity interest in Chi Tel Investments Limited, which is involved in VoIP business, to a third party for a consideration of HK$1. The disposal of the VoIP business was reported in the consolidated accounts as a discontinued operation.

9. Earnings per share

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

	2007	2006
Profit for the year from continuing operations attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	**HK$63,543,000**	HK$51,398,000
Loss for the year from discontinued operation attributable to equity holders of the Company for the purpose of calculating basic loss per share	**–**	HK$(10,683,000)
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings/(loss) per share	**1,945,696,565**	1,945,696,565

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

10. Dividend

	2007	2006
	HK$'000	*HK$'000*
Interim, paid, HK0.5 cent per share	**9,728**	–
Final, proposed, HK0.5 cent per share	**9,728**	–
	19,456	–

The Directors have recommended a final dividend of HK0.5 cent per share payable to members subject to approval of such final dividend at the forthcoming Annual General Meeting to be held on 29th April, 2008. If the dividend is approved at the said Annual General Meeting, such dividend will be payable on 17th June, 2008 to members whose names are on the register of members of the Company on 29th April, 2008.

The proposed final dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December, 2008.

The register of members of the Company will be closed from Wednesday, 23rd April, 2008 to Tuesday, 29th April, 2008, both days inclusive, during which period no transfer of shares may be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 22nd April, 2008.

11. Trade receivables

The normal credit period granted to the customers of the Group is up to 90 days, except for sales made to certain credit worthy customers to which a slightly longer credit period may be granted. At 31st December, 2007, the ageing analysis of the trade receivables was as follows:

	2007	2006
	HK$'000	*HK$'000*
1-30 days	**328,024**	440,376
31-60 days	**412,914**	349,222
61-90 days	**353,674**	364,082
91-120 days	**360,596**	111,791
Over 120 days	**109,880**	210,614
Less: provision for impairment	**(64,643)**	(119,485)
	1,500,445	1,356,600

12. Trade payables

At 31st December, 2007, the ageing analysis of the trade payables was as follows:

	2007	2006
	HK$'000	*HK$'000*
1-30 days	**539,400**	674,520
31-60 days	**335,991**	89,710
61-90 days	**93,313**	73,502
91-120 days	**38,174**	15,292
Over 120 days	**32,306**	28,982
	1,039,184	882,006

13. Reserves

Movements in the reserves during the year are set out below:

	Share premium *HK$'000*	Merger reserve *HK$'000*	Reserve fund *note(i)* *HK$'000*	Exchange reserve *HK$'000*	Available-for-sale financial asset revaluation reserve *HK$'000*	Share option reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance at 1st January, 2007	**127,258**	**3,989**	**4,872**	**20,553**	**–**	**–**	**523,704**	**680,376**
Exchange differences	**–**	**–**	**–**	**18,072**	**–**	**–**	**–**	**18,072**
Profit attributable to equity holders of the Company	**–**	**–**	**–**	**–**	**–**	**–**	**63,543**	**63,543**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**–**	**–**	**9,644**	**–**	**9,644**
Release of reserves upon disposal of subsidiaries	**–**	**(7)**	**(4,872)**	**(4,249)**	**–**	**–**	**–**	**(9,128)**
2007 interim dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(9,728)**	**(9,728)**
Balance at 31st December, 2007	**127,258**	**3,982**	**–**	**34,376**	**–**	**9,644**	**577,519**	**752,779**
Retained by:								
Company and subsidiaries	**127,258**	**3,982**	**–**	**34,376**	**–**	**9,644**	**577,519**	**752,779**
Balance at 1st January, 2006	127,258	3,989	4,872	1,615	1,991	–	482,989	622,714
Exchange differences	–	–	–	19,290	–	–	–	19,290
Profit attributable to equity holders of the Company	–	–	–	–	–	–	40,715	40,715
Release of reserve upon disposal of subsidiaries	–	–	–	(352)	–	–	–	(352)
Release of reserve upon disposal of available-for-sale financial asset	–	–	–	–	(1,991)	–	–	(1,991)
Balance at 31st December, 2006	127,258	3,989	4,872	20,553	–	–	523,704	680,376
Retained by:								
Company and subsidiaries	127,258	3,989	4,872	20,553	–	–	523,704	680,376

Notes:

(i) 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 and was released upon disposal of the PRC subsidiary.

(ii) Pursuant to the Companies Law (1998 Revision) of the Cayman Islands and the Company's Articles of Association, the share premium of the Company is distributable to the equity holders. At 31st December, 2007, in the opinion of the Directors, the Company's reserves available for distribution to equity holders comprising share premium account and retained earnings, amounted in total to approximately HK$307,768,000 (2006: HK$336,596,000).

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures above in respect of this Annual Results Announcement ("Announcement") for the year ended 31st December, 2007 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated accounts for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagements in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Hong Kong

The Group's Hong Kong retail business is operated under the brand "Mobile City". Mobile City has adopted comprehensive marketing strategy throughout 2007 to raise the brand's profile as well as increase sales. The marketing strategy includes a series of tailor-made marketing campaigns in collaboration with globally renowned brands, joint promotion with Hong Kong's established banks and the Hong Kong Tourism Board.

A new retail shop was opened in Sham Shui Po in June 2007 to further expand the geographical coverage of Mobile City. Upon the opening of the shop, a series of marketing and promotional campaigns were organised to maximize publicity and exposure for the Mobile City brand in the Kowloon West district.

The mobile phone replacement market is still showing huge growth potential with the growing popularity of next-generation high speed connectivity and new mobile phone applications, leading to shorter replacement cycle and steady growth of the mobile phone replacement market.

Malaysia

The number of mobile phone subscribers had increased to approximately 23 million in 2007, with a penetration rate of approximately 85% while the rate recorded in 2006 was approximately 72% (source: The Malaysian Communications and Multimedia Commission, March 2008). Our Malaysian subsidiary is the exclusive distributor of Samsung mobile phones in the country. With a market share of approximately 20%, Samsung is the second most popular brand in Malaysia (source: Samsung Malaysia Electronics, December 2007).

During 2007, the Malaysian subsidiary further enriched its product portfolio by acquiring the distribution rights of 20 new Samsung models including SGH-C170, C450, D840, D880, D900i, E950, F200, F210, F300, F330, F500, G600, J200, J600, J610, L760, M610, U600, U700 and Z240, which adds up to a total of 56 models in the Samsung portfolio.

A series of very successful promotional campaigns had been organised in Malaysia to boost sales volume and also enhance First Mobile Group's brand image in the region. These campaigns included a co-marketing promotion with a major network operator in Malaysia to further enhance Samsung's position in the market.

The Malaysian retail business continued to expand its Mobile City retail network with the establishment of a new outlet at The Garden Mid Valley City and sales kiosks in every outlet of Carrefour, one of the largest hypermarket chains in the country, and Best Denki, one of the largest consumer electronics chain stores in the country. There were a total of 91 Mobile City outlets and sales kiosks as at 31st December, 2007.

The Philippines

The total number of mobile subscribers in the Philippines had over 46 million in 2007 (source: Asia Pacific Research Group, December 2007) while the penetration rate increased to 53% in a country where the total population was estimated to hit 88 million (source: Philippine Commission on Population, December 2007).

Our subsidiary in the Philippines is the exclusive distributor of Samsung mobile handsets in the country. Samsung is currently the second most popular mobile phone brand in the country, with a market share of approximately 23%.

During the period under review, our subsidiary in the Philippines had acquired the distribution rights of 33 new Samsung models including Samsung SGH-B500, C140, C160, C170, C450, C520, D880, D900i, E200, E210, E570, E840, E950, F200, F210, F300, F500, G600, J200, J600, J610, J750, L600, M600, M610, P930, U300, U600, U700, Z170, Z240, Z370 and Z720, which further enriched its current Samsung product portfolio to a total of 66 models.

Financial Review

Overview

The Group recorded a turnover of HK$8,129 million in the financial year of 2007, representing an increase of 1.7% over last year's turnover. Total sales volume reached 5.8 million units in 2007, up by 5% compared to 5.5 million units sold in 2006.

Gross profit margin was maintained at a satisfactory average of 4.7% (2006: 4.9%).

Selling and distribution expenses increased by 25% from HK$54 million in 2006 to HK$68 million for the year under review mainly due to the growth of the Group's distribution networks in existing and new markets.

General and administrative expenses increased marginally by HK$3.4 million, or 1.8% over the previous year.

The Company had issued share options to the Company's employees in July 2007. In accordance with HKFRS 2, share-based payment amounting to HK$9.6 million was recognised and charged against the Company's earnings for the year. The share-based payment is recognised in compliance with HKFRS 2 and does not represent a cash outflow for the Group.

Finance costs did not materially change at HK$68.0 million for 2007 (2006: HK$68.3 million).

For the financial year 2007, profit attributable to equity holders of the Company increased by 56% from HK$40.7 million to HK$63.5 million.

Basic and diluted earnings per share from continuing operations and loss per share from discontinued operation for the year end 31st December, 2007 were HK3.27 cents (2006: HK2.64 cents) and nil (2006: HK0.55 cent) respectively.

The Group's inventory level reduced to HK$495 million (2006: HK$566 million) mainly due to the faster turnover of inventory. Average inventory turnover days reduced from 30 days to 26 days.

Trade receivable increased from HK$1,357 million as at 31st December, 2006 to HK$1,500 million as at 31st December, 2007, up 10% from the previous year. Average receivable turnover days was 70 days (2006: 67 days).

Liquidity and Financial Resources

As at 31st December, 2007, bank and cash balances of the Group were approximately HK$580 million (2006: HK$532 million), of which approximately HK$455 million (2006: HK$402 million) were pledged for general banking facilities. Total borrowings (excluding bills payables) of the Group amounted to approximately HK$476 million (2006: HK$484 million), comprising long-term bank loans of approximately HK$22 million (2006: HK$47 million), obligations under finance lease of approximately HK$5 million (2006: HK$1 million), and short-term bank loans and overdrafts of approximately HK$449 million (2006: HK$436 million). The gearing ratio (total borrowings/total assets) of the Group as at 31st December, 2007 was 17% (2006: 18%).

Investment property, freehold properties and certain leasehold land and buildings of the Group with carrying values of approximately HK$54 million (2006: HK$55 million) are pledged as security for the Group's general banking facilities.

Capital Structure

There was no change in the Company's share capital during the year.

Treasury Policies

The Group's business transactions, assets and liabilities are mainly denominated in either Hong Kong Dollar, United States Dollar, Euro or Malaysian Ringgit. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. As at 31st December, 2007, the Group had approximately HK$10 million (2006: HK$29 million) outstanding forward exchange contracts to hedge against outstanding purchase orders denominated in foreign currencies. The Group does not engage in foreign currency speculative activities.

Capital Commitments

The Group did not have any significant capital commitments as at 31st December, 2007.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31st December, 2007.

Employees

As at 31st December, 2007, the Group had 681 (2006: 708) employees. The total of employee remuneration, including that of the Directors, for the year ended 31st December, 2007 amounted to approximately HK$108 million (2006: HK$94 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice. In addition, the Group has a share option scheme for its employees.

Strategies for 2008

With the robust growth of the mobile phone industry globally in recent years, we expect this upward trend to continue well into 2008 with a year-on-year growth forecast of 8.8% (source: Strategy Analytics, January 2008). As one of the leading regional distributors in the market, the Group stands to benefit from this growing demand for handsets and related accessories.

The Group has emerged stronger in recent years and we have further consolidated our position in the market. Building on this strong foundation, we will continue to focus on enhancing shareholder value and increasing the Group's profitability.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31st December, 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

	Number of Shares of HK$0.10 each				
Name of Director	**Personal interests**	**Family interests** *(note (i))*	**Corporate interests** *(note (ii))*	**Total**	**Percentage of issued share capital**
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

	Number of non-voting deferred shares of HK$1.00 each in First Telecom International Limited		
Name of Director	**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 31st December, 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 year 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 December, 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 year ended 31st December, 2007, 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 year ended 31st December, 2007.

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 results of the Group for the year ended 31st December, 2007 has been reviewed by the audit committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the requirements of the Code on Corporate Governance Practices as set out by the Exchange during the year ended 31st December, 2007. A report on the corporate governance practices is embodied in the 2007 annual report.

By order of the Board
Ng Kok Hong
Executive Chairman

Hong Kong, 18th March, 2008

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.