



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, 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 Growth Enterprise Market 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, 2008, 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\$2,010 million, representing a decrease of 6% over the same period of 2007
- Number of mobile phones sold was approximately 1.4 million units
- Gross profit was approximately HK\$89 million, representing a decrease of 6% over the same period of 2007
- Profit attributable to equity holders of the Company was approximately HK\$8.4 million, representing a decrease of 46% over the same period of 2007
- Earnings per share was HK0.43 cent

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, 2008 (the “Period”) together with the unaudited comparative figures:

Unaudited Consolidated Profit and Loss Account

For the three months ended 31st March, 2008

		Three months ended	
		31st March,	
	Note	2008	2007
		HK\$'000	HK\$'000
Revenues	2	2,011,064	2,135,937
Cost of sales		<u>(1,922,318)</u>	<u>(2,041,542)</u>
Gross profit		88,746	94,395
Selling and distribution expenses		(15,601)	(14,884)
General and administrative expenses		(34,699)	(35,946)
Other income	3	1,448	89
Other expenses	3	<u>(10,164)</u>	<u>(5,436)</u>
Operating profit		29,730	38,218
Finance income		3,442	3,929
Finance costs		<u>(16,502)</u>	<u>(18,919)</u>
Profit before taxation		16,670	23,228
Taxation	4	<u>(8,317)</u>	<u>(7,691)</u>
Profit for the period		<u><u>8,353</u></u>	<u><u>15,537</u></u>
Attributable to:			
Equity holders of the Company		8,353	15,549
Minority interests		<u>-</u>	<u>(12)</u>
		<u><u>8,353</u></u>	<u><u>15,537</u></u>
Basic and diluted earnings per share	5	<u><u>HK0.43 cent</u></u>	<u><u>HK0.80 cent</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.

The accounting policies used in the accounts are consistent with those used in the annual report for the year ended 31st December, 2007 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 March, 2007. The Group has adopted all HKFRSs which are pertinent to its operations in the accounts for the year ending 31st December, 2008. The applicable HKFRSs are set out below:

HK(IFRIC)-Int 11	HKFRS 2, Group and Treasury Share Transactions
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements

(a) *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 should be accounted for as equity-settled or cash-settled share-based payments 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.

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

The amendment 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.

(c) *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.

(d) *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 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,	
	2008	2007
	HK\$’000	HK\$’000
Revenues		
Turnover from sales of mobile phones and accessories, net	2,009,840	2,135,071
Rental income		
– investment property	382	227
– others	783	577
Repair service income, net	59	62
	<hr/>	<hr/>
Total	<u>2,011,064</u>	<u>2,135,937</u>

3. Other income and expenses

Other income and expenses mainly comprised exchange differences and gain on derivative financial instruments at fair value for the three months ended 31st March, 2008.

4. Taxation

	Three months ended 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Hong Kong profits tax (<i>note (i)</i>)	2,111	6,373
Overseas taxation (<i>note (ii)</i>)	2,139	1,465
Under provision of taxation in prior years	1,396	6
Deferred taxation	2,671	(153)
	<u>8,317</u>	<u>7,691</u>

Notes:

- (i) Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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. Earnings per share

Basic and diluted earnings per share for the Period is calculated based on the profit attributable to equity holders of the Company of HK\$8,353,000 (2007: HK\$15,549,000) and on the weighted average of 1,945,696,565 (2007: 1,945,696,565) shares in issue during the Period.

The Company's share options do not have a dilutive effect on earnings per share as at 31st March, 2008 (2007: None).

6. Dividend

The Directors do not recommend the payment of an interim dividend for the Period (2007 : Nil).

7. Movement in reserves

Movements in the reserves of the Group during the three months ended 31st March, 2008 and 2007 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	Share option reserve HK\$'000	Retained earnings HK\$'000	Minority interests HK\$'000	
Balance at 1st January, 2008	127,258	3,982	-	34,376	9,644	577,519	-	752,779
Exchange differences	-	-	-	5,403	-	-	-	5,403
Profit attributable to equity holders of the Company	-	-	-	-	-	8,353	-	8,353
Share-based payments	-	-	-	-	1,028	-	-	1,028
Balance at 31st March, 2008	<u>127,258</u>	<u>3,982</u>	<u>-</u>	<u>39,779</u>	<u>10,672</u>	<u>585,872</u>	<u>-</u>	<u>767,563</u>
Retained by:								
Company and subsidiaries	<u>127,258</u>	<u>3,982</u>	<u>-</u>	<u>39,779</u>	<u>10,672</u>	<u>585,872</u>	<u>-</u>	<u>767,563</u>
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)
Balance at 31st March, 2007	<u>127,258</u>	<u>3,989</u>	<u>4,872</u>	<u>27,997</u>	<u>-</u>	<u>539,253</u>	<u>-</u>	<u>703,369</u>
Retained by:								
Company and subsidiaries	<u>127,258</u>	<u>3,989</u>	<u>4,872</u>	<u>27,997</u>	<u>-</u>	<u>539,253</u>	<u>-</u>	<u>703,369</u>

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 and was released upon disposal of the PRC subsidiary in December 2007.

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

In the first quarter of 2008, 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 1.4 million units of mobile phones.

The Group's Malaysian subsidiary enriched its product portfolio by acquiring distribution rights of 5 new Samsung models, namely SGH-B110, L170, i450, i550 and P520. Samsung maintained its position as the second largest mobile phone brand in Malaysia with a market share of approximately 18%.

The Group's subsidiary in the Philippines acquired distribution rights of 10 new Samsung models, namely SGH-B100, B110, F250, i450, i550w, i780, J700, L170, M110 and P520. Samsung's market share grew to approximately 23% and maintained its second position in the Philippines market.

In Hong Kong, the Group's "Mobile City" retail business continues to gain popularity among customers, with quality services provided by the professional staff and effective marketing strategies adopted. During the period under review, Mobile City organised various tailor-made promotions, including joint promotions with globally renowned brands and Chinese New Year promotion.

Financial Review

Turnover for the first quarter of 2008 totalled HK\$2,010 million, down 6% over the corresponding quarter of 2007. Sales volume totalled 1.4 million units this quarter, down by 12% over the first quarter of 2007.

Gross profit for the first quarter was HK\$89 million, a decrease of 6% over the corresponding quarter of 2007. Gross profit margin remained steady at 4.4%.

Selling and distribution expenses as well as general and administrative expenses have generally been kept in check.

The increase in other expenses is mainly due to unrealised foreign exchange loss of HK\$7 million arising from the translation of inter-company balances, receivables and payables denominated in foreign currency. Increase in other income represents gain on derivative financial instruments at fair value.

Finance costs decreased by 13% over the corresponding quarter of 2007 due to decreasing interest rates.

Future Plans and Prospects

The Group remains focused on its core strengths and competencies and builds on these going forward to capitalise on potential opportunities arising from emerging technologies and market trend.

The Group looks forward to sustained growth in business with an aim to further consolidate its position in the market and drive for greater profitability.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31st March, 2008, 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 <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 31st March, 2008, 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, 2008, 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 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, 2008 have been reviewed by the audit committee.

By order of the Board
Ng Kok Hong
Executive Chairman

Hong Kong, 14th May, 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.