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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: 865)

(1) FURTHER DETAILS ON WORKING CAPITAL FACILITY

(2) GRANT OF OPTION

**(3) EXTENSION OF THE LONG STOP DATES FOR THE SUBSCRIPTION
AGREEMENT AND THE STANDSTILL AGREEMENT**

On 7 July 2011, the Lender, a party nominated by the Investor to provide part of the HK\$50 million stand-by working capital facility pursuant to the terms of the Exclusivity Agreement, entered into a Loan Agreement with MDL, a subsidiary of the Company, pursuant to which (i) the Lender has agreed to grant a working capital facility of HK\$13 million to MDL; and (ii) the Company has agreed to issue the Option Shares to the Lender, subject to the terms and conditions of the Option Deed entered into between the Company and the Lender dated 7 July 2011.

On 7 July 2011, the Company and the Investor entered into a fourth side letter to the Subscription Agreement, pursuant to which both parties agreed to further extend the Long Stop Date for a period of 4 months from 30 June 2011 to 31 October 2011.

On 7 July 2011, Deloitte Touche Tohmatsu issued a notice informing all relevant parties participating in the Standstill Agreement that the long stop date under the Standstill Agreement has been further extended for a period of 4 months from 30 June 2011 to 31 October 2011.

Trading in the Shares has been suspended since 9:30 a.m. on 27 November 2009 and will remain suspended until further notice.

The transactions contemplated under the Proposed Restructuring are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the Proposed Restructuring will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the Company's announcements dated 5 July 2010 and 16 September 2010 (the "Announcements") in relation to, inter alia, a stand-by working capital facility of an amount not less than HK\$50 million to be provided by the Investor, and the proposed Creditor Schemes. Unless otherwise defined, capitalised terms used herein shall have the same meanings as in the Announcements.

FURTHER DETAILS OF THE WORKING CAPITAL FACILITY

The Company wish to announce that as part of the Proposed Restructuring, on 7 July 2011, the Lender, a party nominated by the Investor, and MDL, a subsidiary of the Company, entered into the Loan Agreement, pursuant to which (i) the Lender has agreed to make available a working capital facility of HK\$13 million to MDL; and (ii) the Company has agreed to issue the Option Shares to the Lender, subject to the terms and conditions of the Option Deed entered into between the Company and the Lender dated 7 July 2011.

The Loan shall form part of the stand-by working capital facility of an amount not less than HK\$50 million agreed to be provided by the Investor to the Company to support the operations of the Group.

Loan Agreement

Date : 7 July 2011

Parties : (i) MDL; and
(ii) the Lender

The principal terms of the Loan are summarised below:

Principal amount: HK\$13,000,000 to be made in one lump sum. The Loan has been drawn down on 11 July 2011 upon fulfillment (or being waived by the Lender) of all or any of the conditions precedent under the Loan Agreement

Borrower: MDL

Lender: Time Boomer Limited, a party nominated by the Investor to provide part of the HK\$50 million stand-by working capital facility pursuant to the terms of the Exclusivity Agreement

- Interest rate:** 8% per annum on the balance outstanding, payable on the last Business Day of each month in arrears
- Purpose of the Loan:** Working capital to support the continued operations of the Group
- Repayment of the principal amount of the Loan:** HK\$3 million by 30 June 2012
HK\$4 million by 30 September 2012
HK\$6 million by 31 December 2012
- Securities:**
1. the FMG Share Charge over a total of 68.5% of the entire issued shares of the Company held by the Major Shareholders;
 2. the Personal Guarantees given by Mr. Ng Kok Hong and Ms. Tan Sook Kiang;
 3. the share charges over the entire issued share capital of MDL executed by (i) E-Tech Resources Limited, the existing sole shareholder of MDL; and (ii) the SPV, namely Marzo Holdings Limited, the future immediate holding company of MDL (upon the Group Reorganisation taking effect), which will replace the charge created under (i) above upon MDL becoming a wholly-owned subsidiary of the SPV pursuant to the Group Reorganisation; and
 4. the Fixed and Floating Charge over the assets of MDL.

The FMG Share Charge, the Personal Guarantees and the Fixed and Floating Charge will continue to be in force and, subject to the terms and conditions thereof, shall be released and discharged by the Lender upon the earlier of: (i) the repayment, payment, performance, satisfaction and discharge of the Secured Obligations in full or (ii) the assignment of the Assigned Loan to the Company and the completion of the allotment and issue of the Option Shares and payment of the Exceeding Loan (if any) to the Lender pursuant to the Option Deed, as further described below.

The MDL Share Charge will continue to be in force and, subject to the terms and conditions thereof, shall be released and discharged by the Lender upon the earlier of: (i) the repayment, payment, performance, satisfaction and discharge of the Secured Obligations in full, (ii) the assignment of the Assigned Loan to the Company and the completion of the allotment and issue of the Option Shares and payment of the Exceeding Loan (if any) to the Lender pursuant to the Option Deed, or (iii) fulfillment of the conditions (a) and (b) as set out in the Subscription Agreement (being (a) the passing of the Resolutions at the EGM by way of poll by Shareholders or Independent Shareholders and (b) the granting of the Whitewash Waiver by the Executive and such Whitewash Waiver not having been revoked by the Executive). The Whitewash Waiver is conditional on the approval by Independent Shareholders.

The SPV Share Charge will come into force from the date on which the relevant instrument of transfer and bought and sold notes for the transfer of the entire issued share capital of MDL to the SPV are executed and, subject to the terms and conditions thereof, shall be released and discharged by the Lender upon the earlier of: (i) the repayment, payment, performance, satisfaction and discharge of the Secured Obligations in full or (ii) the assignment of the Assigned Loan to the Company and the completion of the allotment and issue of the Option Shares and payment of the Exceeding Loan (if any) to the Lender pursuant to the Option Deed.

Undertakings:

MDL undertakes, amongst others, to:

1. procure the Company to grant an option with rights to subscribe for shares of the Company and to allot and issue shares of the Company to the Lender upon its exercise of the right under the Option Deed to subscribe for the shares thereunder upon the terms thereof.

On 7 July 2011, the Company and the Lender entered into the Option Deed, pursuant to which (i) the Company agreed to grant to the Lender an option to subscribe for such number of Option Shares during the Option Period; and (ii) the Lender has the right to demand and require the Company to allot and issue the Option Shares to the Lender at the Exercise Price and on terms as further described below.

2. enter into an escrow agreement with the Lender and ONC Lawyers, for the appointment of ONC Lawyers as the escrow agent (the "Escrow Agent") for keeping in custody certain documents relating to the Security Documents.

On 7 July 2011, the Lender, MDL and ONC Lawyers entered into the Escrow Agreement to govern the custody and release of certain documents relating to security given under the Security Documents.

Conditions Precedent: Completion of the Loan Agreement shall be conditional upon, amongst others, the delivery of the Security Documents to the Lender/Escrow Agent; and that the representations and warranties under the Loan Agreement are true and correct.

As at the date of this announcement, no other agreement has been entered into between the parties in relation to this or any further working capital facility. Further announcement will be made when and as necessary.

GRANT OF OPTION

In consideration of the Loan granted by the Lender, the Company undertakes to the Lender that it shall, subject to the terms of the Option Deed, issue the Option Shares, free and clear of all and any encumbrances, to the Lender.

Option Deed

Date : 7 July 2011

Parties : (i) the Company; and
(ii) the Lender

The principal terms of the Option Deed are summarised below:

Option: The Company agreed to grant to the Lender an option to subscribe for such number of Option Shares at any time during the Option Period; and the Lender has the right to demand and require the Company to allot and issue the Option Shares to the Lender at the Exercise Price.

The Option shall only be exercisable in respect of all (but not part) of the Option Shares and at any time during the Option Period.

Option Period: The Option Period shall commence from the fulfillment of all the conditions precedent to the Subscription Agreement (unless the same is waived by the Investor) to the date of the Subscription Completion.

Exercise Price: The exercise price for the Option Shares upon exercise of the Option shall be HK\$0.175 per Option Share, and shall be equal to and no less favourable than the subscription price of each Subscription Share (to be subscribed by the Investor pursuant to the Subscription Agreement), with an aggregate exercise price of HK\$13 million.

The Exercise Price of HK\$0.175 per Option Share represents:

- (1) a discount of approximately 97.4% to the adjusted closing price of HK\$0.672 per Adjusted Share, based on the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effects of the Capital Reorganisation;
- (2) a discount of approximately 97.3% to the adjusted average closing price of approximately HK\$0.658 per Adjusted Share, based on the average closing price of approximately HK\$0.165 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effects of the Capital Reorganisation; and
- (3) a discount of approximately 97.3% to the adjusted average closing price of approximately HK\$0.660 per Adjusted Share, based on the average closing price of approximately HK\$0.165 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effects of the Capital Reorganisation.

Option Shares: The Option Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with all other Adjusted Shares, Subscription Shares and all other Shares resulting from the Proposed Restructuring, which are in issue on the date of allotment and issue of the Option Shares.

Conditions Precedent: The grant of the Option and the Option Completion are conditional upon the fulfillment of the following conditions precedent:

- (a) the shareholders of the Company passing at an extraordinary general meeting of the Company ordinary resolutions for approving the granting of the Option and the allotment and issue of the Option Shares to the Lender;
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the Option Shares;

- (c) the Company delivering to the Lender written approval of the Investor for the Company to enter into the Option Deed and to grant the Option to the Lender upon the terms of the Option Deed and such approval has not been withdrawn and is in full force and effect;
- (d) the fulfillment of all the conditions precedent (unless the same is waived by the Investor) under the Subscription Agreement; and
- (e) the Subscription Completion having taken place simultaneously with the Option Completion.

The Company shall use its best endeavours to ensure that the Option Conditions above are fulfilled prior to 31 December 2012. In the event that any of the Option Conditions are not fulfilled on or before 31 December 2012 or such later date as may be agreed between the Lender and the Company, the Option Deed shall be terminated.

In order to fulfil the condition set out in (c) above, the Company has delivered to the Lender the written approval on 8 July 2011. As at the date hereof, such approval has not been withdrawn and is in full force and effect.

Set-off:

At the Option Completion, the Lender shall be entitled at its absolute discretion to satisfy the Exercise Price (or any part thereof) for the Option Shares in the following manner:

- (a) to pay the same (or any part thereof) by way of cashier order drawn on a licensed bank in Hong Kong in favour of the Company or by way of remitting the same to a bank account in the name of the Company as designated by the Company; and/or
- (b) to satisfy, discharge and set-off the same (or any part thereof) by way of assigning to the Company all of the outstanding Loan, interest and other sums payable by MDL to the Lender under the Loan Agreement by giving the Company and MDL the Assignment Notice.

Completion:

Subject to fulfillment of the conditions precedent as detailed above and exercise of the Option by the Lender within the Option Period, Option Completion shall take place simultaneously with the Subscription Completion.

Upon the Option Completion and the issue of the Assignment Notice:

- (a) the Lender shall be and be deemed to have assigned and transferred to the Company the Assigned Loan and all rights and obligations of the Lender under the Loan Agreement, on the condition that the Lender shall not be entitled to issue the Assignment Notice for any amount less than all of the outstanding Loan, interest and other sums payable by MDL under the Loan Agreement;
- (b) the Exercise Price payable by the Lender for the Option Shares shall be satisfied, discharged and set off against an amount equivalent to the Assigned Loan, and the Lender is only liable to pay the remaining amount of the Exercise Price, if any, to the Company;
- (c) the Exceeding Loan (if any) shall be paid by the Company to the Lender at the Option Completion; and
- (d) MDL shall become liable to repay the Assigned Loan to the Company in accordance with the terms of the Loan Agreement, and MDL's liability to repay the Assigned Loan to the Lender shall be discharged absolutely.

Transferability:

The Option may be assigned or transferred by the Lender with the consent of the Investor.

Application for listing of the Option Shares:

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Option Shares to be issued upon exercise of the Option. However, the Option will not be listed on the Stock Exchange.

INFORMATION ON THE LENDER

The entire issued share capital of the Lender is wholly and beneficially owned by Mr. Tai.

To the best of the knowledge of the Directors, Mr. Tai is an experienced investor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the Lender and its beneficial owner is a third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

REASON FOR ENTERING INTO THE LOAN AGREEMENT AND THE OPTION DEED AND USE OF PROCEEDS

The Loan in the amount of HK\$13 million will be used as additional working capital to fund the growing interest in the Group's products in Indonesia following the launch of advertising and marketing campaigns by the Group in the second quarter of 2011. The Loan will be used to fund increased orders from customers, which in turn is expected to improve the Group's turnover and profitability in the immediate future.

The Directors are of the view that the terms of the Loan Agreement, the Security Documents, the Escrow Agreement and the Option Deed, which were arrived at after arm's length negotiations between the Group and the Lender, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXTENSION OF THE LONG STOP DATE

On 7 July 2011, the Company and the Investor entered into a fourth side letter to the Subscription Agreement, pursuant to which both parties agreed to further extend the Long Stop Date for a period of 4 months from 30 June 2011 to 31 October 2011.

On 7 July 2011, Deloitte Touche Tohmatsu issued a notice informing all relevant parties participating in the Standstill Agreement that the long stop date under the Standstill Agreement has been further extended for a period of 4 months from 30 June 2011 to 31 October 2011.

GENERAL

Trading in the Shares has been suspended since 9:30 a.m. on 27 November 2009 and will remain suspended until further notice.

The transactions contemplated under Proposed Restructuring are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the Proposed Restructuring will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITION

In this announcement, the following expressions shall have the following meanings as set out below unless the context requires otherwise:

“Assigned Loan”	all of the outstanding Loan, interest and other sums payable by MDL under the Loan Agreement as specified in the Assignment Notice
“Assignment Notice”	the written notice to be given by the Lender to the Company and MDL assigning to the Company all of the outstanding Loan, interest and other sums payable by MDL to the Lender under the Loan Agreement

“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed commercial banks in Hong Kong are open for general banking business for members of the public in Hong Kong
“Escrow Agreement”	the escrow agency agreement dated 7 July 2011 entered into among MDL, the Lender and ONC Lawyers to govern the custody and release of certain documents relating to the Security Documents
“Exceeding Loan”	the amount the Assigned Loan exceeds the Exercise Price payable by the Lender for the Option Shares
“Exercise Price”	the exercise price for the Option Shares upon exercise of the Option shall be HK\$0.175 per Option Share, and shall be equal to and no less favourable than the subscription price of each Subscription Share (to be subscribed by the Investor pursuant to the Subscription Agreement), with an aggregate exercise price of HK\$13 million
“Fixed and Floating Charge”	the fixed and floating charge dated 7 July 2011 by MDL in favour of the Lender over the assets of MDL
“FMG Share Charge”	the share charge dated 7 July 2011 by the Major Shareholders in favour of the Lender relating to the charge over a total of 68.5% of the entire issued shares of the Company held by the Major Shareholders
“Lender”	Time Boomer Limited, a company incorporated in the British Virgin Islands and wholly beneficially owned by Mr. Tai
“Loan”	the sum of HK\$13 million agreed to be advanced by the Lender to MDL pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 7 July 2011 entered into between the Lender, a party nominated by the Investor, and MDL, an indirect wholly owned subsidiary of the Company, for a term loan of HK\$13 million
“Major Shareholders”	Mr. Ng Kok Hong, Ms. Tan Sook Kiang, Mr. Ng Kok Yang and NKT Holdings Sdn Bhd, collectively
“MDL”	Mobile Distribution Limited, a company incorporated in Hong Kong which is 100% owned by E-Tech Resources Limited, a wholly owned subsidiary of the Company, and having its registered office at 1915, 19/F, Grandtech Centre, 8 On Ping Street, Shatin, Hong Kong
“MDL Share Charge”	the share charge dated 7 July 2011 by E-Tech Resources Limited and the SPV in favour of the Lender relating to the charge over the entire issued share capital of MDL

“Mr. Tai”	Mr. Tai Kai Hing, the ultimate beneficial owner of the entire issued share capital of the Lender
“Option”	the option granted under the Option Deed by the Company to the Lender in respect of the Option Shares at the Exercise Price and exercisable in accordance with the terms of the Option Deed
“Option Completion”	the completion of the exercise of the Option and the allotment and issuance of the Option Shares to the Lender in accordance with the terms under the Option Deed
“Option Conditions”	the conditions precedent to the Option Completion
“Option Deed”	the option deed dated 7 July 2011 entered into between the Company and the Lender pursuant to which the Company grants to the Lender the Option subject to the terms therein
“Option Period”	the period commencing from the fulfillment of all the conditions precedent (unless the same is waived by the Investor) to the Subscription Agreement to the date of the Subscription Completion
“Option Notice”	the notice exercising the Option substantially in the form set out in the Option Deed
“Option Shares”	74,285,714 Adjusted Shares
“Personal Guarantees”	the personal guarantees dated 7 July 2011 given by each of Mr. Ng Kok Hong and Ms. Tan Sook Kiang respectively to the Lender
“Secured Obligations”	any and all of the obligations, liabilities and covenants of MDL, the Company and the Security Parties (whether or not for the payment of money, and including any obligation to pay damages for breach of contract, and whether present or future, certain or contingent) under or pursuant to the Loan Agreement, the Security Documents, the Option Deed and/or Escrow Agreement and/or all other obligations thereby secured
“Security Documents”	the FMG Share Charge, the Personal Guarantees, the MDL Share Charge, the SPV Share Charge and the Fixed and Floating Charge
“Security Parties”	any party to any Security Document other than the Lender
“SPV Share Charge”	the share charge by the SPV (namely Marzo Holdings Limited) in favour of the Lender relating to the charge over the entire issued share capital of MDL

“Subscription Completion”

completion of subscription by the Investor under and in accordance with the Subscription Agreement

By order of the Board
First Mobile Group Holdings Limited
Ng Kok Hong
Executive Chairman

Hong Kong, 14 July, 2011

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ng Kok Hong, Mr. Ng Kok Tai and Mr. Ng Kok Yang.

* *For identification purpose only*